



Meeting Date: May 20, 2026
Staff Contact: Marta Ortiz, Chief Financial Officer

TITLE: R-26-18 – Authorizing the Issuance and Sale of Albuquerque Bernalillo County Water Utility Authority (Water Authority) Senior Lien Joint Water and Sewer System Refunding Revenue Bonds, Series 2026 in an Aggregate Principal Amount Not to Exceed \$33,120,000 (the bonds) to be Issued in One or More Series for the Purpose of Refunding, Refinancing and Defeasing Certain Outstanding Obligations of the Water Authority; Providing for the Disposition of, and Other Details Relating to, the Revenues From the Operation of the System Including the Payment of Debt Service on System Obligations; Determining Certain Terms and the Method of Determining Other Terms Concerning the Bonds; Providing for the Approval of Various Agreements and Disclosure Documents Relating to the Bonds; Delegating Authority to the Delegate to Execute and Deliver a Bond Purchase Agreement for the Sale of the Bonds to the Underwriters Pursuant to the Supplemental Public Securities Act; and Ratifying Action Previously Taken

ACTION: Introduction and Immediate Action Requested

SUMMARY:

The purpose of the proposed resolution is to authorize the issuance and sale of Albuquerque Bernalillo County Water Utility Authority (Water Authority) Senior Lien Joint Water and Sewer System Refunding Revenue Bonds, Series 2026, in a principal amount not to exceed \$33.12 million. The bonds will be issued for the purpose of refunding, refinancing, and defeasing certain outstanding senior lien joint water and sewer system obligations of the Water Authority.

The Water Authority currently has outstanding senior lien revenue bonds associated with prior capital investments in the joint water and sewer system. The resolution before the

Board authorizes a refunding transaction that would replace a portion of this existing debt with new bonds under current market conditions. The Series 2026 Bonds are structured as refunding bonds and do not finance new capital projects. Instead, they are intended to lower overall debt service costs and improve debt structure consistency with the Water Authority's financial and debt management policies.

The Board has previously established policy that refunding transactions should achieve meaningful debt service savings. Consistent with that policy, the resolution requires that the refunding produces a minimum net present value savings of at least three percent. The specific maturities to be refunded will be selected from the Senior Lien Joint Water and Sewer System Improvement Revenue Bonds, Series 2018, and finalized through a Sale Certificate executed by an authorized officer to ensure optimal results based on market conditions at the time of sale.

The resolution authorizes the issuance of one or more series of senior lien refunding revenue bonds payable solely from the Net Revenues of the Water Authority's joint water and sewer system. The bonds will be issued with a lien on Net Revenues on parity with existing senior lien obligations and senior to subordinate and super-subordinate obligations. The resolution establishes maximum parameters for the transaction, including a total principal amount not to exceed \$33.12 million, a final maturity date no later than July 1, 2030, and a maximum interest rate of twelve percent.

The resolution further authorizes the sale of the bonds through a negotiated sale, competitive sale, or private placement, depending on market conditions, and approves related financing documents including the Bond Purchase Agreement, Sale Certificate, Escrow Agreement, and disclosure documents. Authority is delegated to an Authorized Officer to approve final pricing and terms within the limits established by the Board, providing flexibility to achieve the best financial outcome while maintaining full Board oversight through established parameters.

The bonds are issued pursuant to applicable New Mexico law and existing Water Authority bond legislation. The resolution reaffirms the Water Authority's rate covenants, continuing disclosure obligations, financial reporting requirements, and limitations on the issuance of additional debt. The bonds constitute special, limited obligations payable solely from Net Revenues of the joint water and sewer system and are not general obligations of the City of Albuquerque or Bernalillo County.

FISCAL IMPACT:

The Series 2026 Bonds are expected to reduce the Water Authority's debt service costs by refinancing higher-interest outstanding obligations at lower interest rates, where market conditions allow. The refunding does not increase the Water Authority's overall debt burden and does not require new or increased rates. All debt service on the bonds

will continue to be paid from existing Net Revenues in accordance with current rate covenants and bond ordinances.

Bond proceeds will be deposited into an escrow fund and used to defease the refunded bonds, with remaining amounts applied to issuance costs or debt service accounts as authorized. No debt service reserve account is required for this bond issue unless specified in the Sale Certificate. The transaction preserves the Water Authority's strong senior lien credit structure and is consistent with its long-term financial planning and debt management practices.

COMMENTS:

RBC Capital Markets, the Water Authority's financial advisor recommends approval of the resolution authorizing the issuance and sale of the Senior Lien Joint Water and Sewer System Refunding Revenue Bonds, Series 2026, as presented. The refunding is expected to save \$1.5 million for a net present value of 4.8%.

**ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY**

BILL NO. R-26-18

RESOLUTION

AUTHORIZING THE ISSUANCE AND SALE OF ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY (THE “WATER AUTHORITY”) SENIOR LIEN JOINT WATER AND SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2026 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$33,120,000 (THE “BONDS”) TO BE ISSUED IN ONE OR MORE SERIES FOR THE PURPOSE OF REFUNDING, REFINANCING AND DEFEASING CERTAIN OUTSTANDING OBLIGATIONS OF THE WATER AUTHORITY; PROVIDING FOR THE DISPOSITION OF, AND OTHER DETAILS RELATING TO, THE REVENUES FROM THE OPERATION OF THE SYSTEM INCLUDING THE PAYMENT OF DEBT SERVICE ON SYSTEM OBLIGATIONS; DETERMINING CERTAIN TERMS AND THE METHOD OF DETERMINING OTHER TERMS CONCERNING THE BONDS; PROVIDING FOR THE APPROVAL OF VARIOUS AGREEMENTS AND DISCLOSURE DOCUMENTS RELATING TO THE BONDS; DELEGATING AUTHORITY TO THE DELEGATE TO EXECUTE AND DELIVER A BOND PURCHASE AGREEMENT FOR THE SALE OF THE BONDS TO THE UNDERWRITERS PURSUANT TO THE SUPPLEMENTAL PUBLIC SECURITIES ACT; AND RATIFYING ACTION PREVIOUSLY TAKEN

Capitalized terms used in the following preambles are defined in Section 1 of this Bond Resolution, unless the context requires otherwise.

WHEREAS, the Water Authority is a legally and regularly created, established, organized and existing public body politic and corporate, separate and apart from the City and the County, under the general laws of the State; and

WHEREAS, the Water Authority owns, operates and maintains the System as a joint public utility water and sewer system; and

1 WHEREAS, the Water Authority is obligated on the Senior Obligations set
2 forth in Exhibit A, payable from Net Revenues with a lien on Net Revenues senior to
3 the Subordinate Obligations and the Super Subordinate Obligations, Outstanding on
4 the date of the adoption of this Bond Resolution; and

5 WHEREAS, the Water Authority is obligated on the Subordinate Obligations,
6 set forth in Exhibit A, payable from Net Revenues with a lien on the Net Revenues
7 subordinate to the Senior Obligations, and superior to the lien of the Super
8 Subordinate Obligations, Outstanding on the date of the adoption of this Bond
9 Resolution; and

10 WHEREAS, the Water Authority is obligated on the Super Subordinate
11 Obligations set forth in Exhibit A, payable from Net Revenues with a lien on the Net
12 Revenues subordinate to the Senior Obligations and the Subordinate Obligations,
13 Outstanding on the date of the adoption of this Bond Resolution; and

14 WHEREAS, except as stated in these preambles, the Net Revenues have not
15 been pledged or hypothecated to the payment of any Outstanding obligations and no
16 other obligations are payable from the Net Revenues on the date of this Bond
17 Resolution; and

18 WHEREAS, there are no obligations which have a lien on the Net Revenues
19 superior to the lien thereon of the Senior Obligations; and

20 WHEREAS, the Board desires to refund and refinance the Refunded
21 Obligations to achieve debt service savings and to restructure its outstanding
22 obligations; and

23 WHEREAS, the Board hereby determines that (i) the Refunding Project may
24 be financed with a portion of the proceeds of the Bonds, and (ii) it is necessary and
25 in the best interests of the Water Authority and the residents of the geographic area
26 served by the Water Authority that the Bonds be authorized pursuant to the Act; and

27 WHEREAS, the Board has determined that it may lawfully pledge the Net
28 Revenues for repayment of the Bonds; and

29 WHEREAS, the Water Authority intends to use a portion of the proceeds of
30 the Bonds for the purpose of refunding, refinancing and defeasing the Refunded
31 Obligations; and

1 WHEREAS, the Escrow Agent is a commercial bank having full trust powers
2 and is a member of the Federal Deposit Insurance Corporation; and

3 WHEREAS, it is in the best interests of the Water Authority to sell the Bonds
4 to the Underwriters in a negotiated sale, competitive sale or private placement
5 transaction upon the terms as set forth in the Bond Purchase Agreement and the
6 Sale Certificate; and

7 WHEREAS, there have been presented to the Board the forms of pertinent
8 Issuer Documents determined necessary at this time; and

9 WHEREAS, the Water Authority expects to receive an offer from the
10 Underwriters to purchase the Bonds pursuant to the Bond Purchase Agreement to
11 be executed by the Delegate pursuant to Section 6-14-10.2 NMSA 1978, all within
12 the parameters set forth in this Bond Resolution; and

13 WHEREAS, all required authorizations, consents or approvals of any
14 governmental body, agency or authority in connection with charging the current rates
15 for services of the System and for the authorization, execution and delivery of the
16 Bonds which are required to have been obtained by the date of this Bond Resolution
17 or which will be required to be obtained prior to the date of issuance of the Bonds
18 have been or will have been obtained by such dates.

19 BE IT RESOLVED BY THE BOARD OF THE WATER AUTHORITY:

20 Section 1. DEFINITIONS AND RULES OF CONSTRUCTION.

21 (A) DEFINITIONS. As used in this Bond Resolution, the following
22 terms have the meanings specified, unless the context clearly requires otherwise:

23 ACT. Section 72-1-10 NMSA 1978, Sections 6-14-8 through 6-14-11
24 NMSA 1978, Sections 6-18-1 through 6-18-16 NMSA 1978, and enactments of the
25 Board relating to the Bond Legislation.

26 AUTHENTICATING AGENT. The Registrar or any trust company,
27 national or state banking association or financial institution qualified to act and
28 appointed as the authenticating agent for the Bonds by an Authorized Officer from
29 time to time.

1 AUTHORIZED DENOMINATIONS. Denominations of \$5,000 or
2 integral multiples of \$5,000 or such other authorized denominations as may be set
3 forth in the Sale Certificate.

4 AUTHORIZED OFFICER. The Chair, the Executive Director, or the
5 Chief Financial Officer of the Water Authority, or other officer or employee of the
6 Water Authority when designated by a certificate signed by the Chair from time to
7 time.

8 BENEFICIAL OWNERS. The beneficial owners of the Bonds.

9 BOARD. The governing body in which is vested the legislative power
10 of the Water Authority.

11 BOND or BONDS. The Albuquerque Bernalillo County Water Utility
12 Authority Senior Lien Joint Water and Sewer System Refunding Revenue Bonds,
13 Series 2026 or such other designation of bonds authorized by and issued pursuant
14 to the Bond Legislation.

15 BOND COUNSEL. McCall, Parkhurst & Horton L.L.P., Dallas, Texas
16 or other firm of attorneys, designated by the Water Authority, of nationally
17 recognized standing in matters pertaining to the issuance of bonds issued by states
18 and their political subdivisions.

19 BOND INSURANCE POLICY. A municipal bond insurance policy
20 issued by a Credit Source insuring the payment when due of the principal of and
21 interest on Insured Obligations.

22 BOND LEGISLATION. Collectively, the Bond Resolution and the Sale
23 Certificate.

24 BOND PURCHASE AGREEMENT. The winning bid form, Bond
25 Purchase Agreement or other agreement among the Water Authority and the
26 Underwriters of the Bonds reflecting the terms of sale of the Bonds.

27 BOND RESOLUTION. This resolution, as amended or supplemented
28 from time to time.

29 BUSINESS DAY. Any day during which any Credit Source, the Paying
30 Agent or the Registrar, the offices of the Water Authority and the New York Stock
31 Exchange are all open for business during normal business hours.

1 CHAIR. The duly elected Chair of the Board or the Vice Chair of the
2 Board acting in the absence of the Chair.

3 CITY. The City of Albuquerque, in the County of Bernalillo and State
4 of New Mexico.

5 CODE. The Internal Revenue Code of 1986, as amended, the federal
6 income tax regulations of the Treasury Department (whether proposed, temporary or
7 final) and any amendments of, or successor provisions to, the foregoing and any
8 official rulings, announcements, notices, procedures and judicial determinations
9 regarding any of the foregoing, all as and to the extent applicable. Unless otherwise
10 indicated, reference to a section of the Code in this Bond Resolution means that
11 section of the Code and such applicable regulations, rulings, announcements,
12 notices, procedures and determinations pertinent to that section.

13 COMPLETION DATE. The date of completion of the Refunding
14 Project, or, for purposes of the Prospective Test Period, the date of completion of
15 the project for which the additional System Obligations are to be issued.

16 CONSULTING ENGINEER. Any registered or licensed professional
17 engineer or firm of engineers, entitled to practice and practicing as such under the
18 laws of the State, retained and compensated by the Water Authority but not in the
19 regular employ of the Water Authority, the City or the County; but, as to any
20 construction drawings and specifications prepared for the System by Water Authority
21 or City employees under the supervision of an engineer employed by the Water
22 Authority or the City, this term may include such engineer.

23 CONTINUING DISCLOSURE UNDERTAKING. The undertaking of
24 the Water Authority pursuant to which the Water Authority will agree for the benefit
25 of Owners, if applicable, that, while the Bonds are Outstanding, the Water Authority
26 will annually provide certain financial information and operating data and audited
27 financial statements and will provide notice of certain events in accordance with Rule
28 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934.

29 COUNTY. Bernalillo County, New Mexico.

30 CREDIT FACILITY. A letter of credit, line of credit, Bond Insurance
31 Policy or Reserve Account Surety Bond, guaranty or similar agreement provided by

1 a Credit Source to provide support to pay the purchase price of, or the payment
2 when due of the principal of and interest on, System Obligations.

3 CREDIT SOURCE. Any bank, insurance company or other financial
4 institution which provides a Credit Facility for a series of System Obligations.

5 DEBT SERVICE ACCOUNT. An account of the Debt Service Fund for
6 the deposit of Net Revenues and proceeds of a series of System Obligations for the
7 payment of Debt Service Requirements on that series of System Obligations.

8 DEBT SERVICE FUND. The Debt Service Fund previously established
9 by the Water Authority and continued in Section 20 of this Bond Resolution.

10 DEBT SERVICE REQUIREMENTS. With respect to System
11 Obligations and for any given period, the sum of: (1) the amount required to pay the
12 interest, or to make reimbursements for payments of interest, becoming due on
13 System Obligations during that period, plus (2) the amount required to pay the
14 principal or to make reimbursements for the payment of principal becoming due on
15 System Obligations during that period, whether at maturity or upon mandatory
16 sinking fund redemption dates, plus (3) the periodic payments required to be made
17 by the Water Authority pursuant to a Qualified Exchange Agreement minus (4) the
18 periodic payments to be received by the Water Authority pursuant to a Qualified
19 Exchange Agreement. No payments required for any System Obligations which may
20 be tendered or otherwise presented for payment at the option or demand of the
21 owners of System Obligations, or which may occur because of the exercise of an
22 option by the Water Authority, or which may otherwise become due by reason of any
23 other circumstance or contingency, including acceleration or early termination
24 payments, which constitute other than regularly scheduled payments of principal,
25 interest or other regularly scheduled payments on System Obligations shall be
26 included in any computation of Debt Service Requirements for that period.

27 Unless, at the time of computation of Debt Service Requirements, payments
28 on System Obligations are owed to, or System Obligations are owned or held by, the
29 provider of a Credit Facility pursuant to the provisions of that Credit Facility, the
30 computation of interest for the purposes of this definition shall be made without
31 considering the interest rate payable pursuant to a Credit Facility.

1 In any computation of Debt Service Requirements relating to the issuance of
2 additional System Obligations, there shall be excluded from the computation of the
3 Debt Service Requirements amounts and investments which are irrevocably
4 committed to make designated payments on System Obligations during the
5 applicable period, including, without limitation, money on deposit in any Debt Service
6 Account and amounts on deposit in an escrow fund irrevocably committed to make
7 designated payments on System Obligations during the applicable period and
8 earnings on such investments which are payable and committed to the payment of
9 such System Obligations during the applicable period.

10 Unless otherwise required by a Water Authority ordinance or resolution
11 relating to a series of System Obligations, to determine Debt Service Requirements
12 of Variable Rate Obligations, the Water Authority shall use the procedures set forth
13 in the following paragraphs to determine the amount of interest or other payments to
14 be paid by the Water Authority on Variable Rate Obligations.

15 (1) During any historical period for which the actual variable
16 interest rate or rates are determinable, the actual variable interest rate shall be used.
17 During any historical period when the actual variable interest rate is not
18 determinable, the variable interest rate shall, for the purpose of determining Debt
19 Service Requirements, be deemed to be the higher of:

20 (a) the actual variable interest rate, if any, at the time
21 of computation; or

22 (b) a fixed annual rate equal to the prevailing rate on
23 the Variable Rate Obligations on the date of computation (which, for the purpose of
24 determining the Debt Service Requirements, shall be a date which is no more than
25 sixty (60) days prior to the date of issuance of the applicable System Obligations) as
26 certified by the Water Authority's financial advisor, the Underwriters of the System
27 Obligations, an investment banker designated by the Water Authority from time to
28 time or a counterparty with respect to a Qualified Exchange Agreement.

29 (2) Prospective computations of interest payable on Variable
30 Rate Obligations, including those relating to the issuance of additional System
31 Obligations required by Section 27 or required by the Rate Covenant, shall be made

1 on the assumption that such obligations bear interest at a fixed annual rate equal to:

2 (a) the average of the daily rates of such System
3 Obligations during the three hundred sixty-five (365) consecutive days (or any lesser
4 period such System Obligations have been Outstanding) next preceding a date
5 which is no more than sixty (60) days prior to the date of the issuance of the
6 additional System Obligations; or

7 (b) with respect to System Obligations initially issued
8 or incurred as or being converted to Variable Rate Obligations, the estimated initial
9 rate of interest of such System Obligations upon the date of issuance, exchange or
10 conversion as certified by the Water Authority's financial advisor, another investment
11 banker, as designated by the Water Authority from time to time, or a counterparty
12 with respect to a Qualified Exchange Agreement.

13 **DEFEASANCE OBLIGATIONS.**

14 (1) Government Obligations; or

15 (2) if permitted by law, other obligations which would result in
16 the defeased Bonds receiving the same rating from any national rating agency then
17 rating such series of bonds as would have been received if the obligations described
18 in clause (1) of this definition had been used.

19 **DELEGATE.** Any Authorized Officer of the Water Authority which is
20 hereby delegated the authority to approve the pricing and final terms of the Bonds,
21 with such terms to be set forth in the Sale Certificate.

22 **DEPOSITORY OR DEPOSITORIES.** The following registered
23 securities depository: The Depository Trust Company, 570 Washington Boulevard,
24 Jersey City, New Jersey 07310, <http://www.dtcc.com>; or in accordance with then-
25 current guidelines of the SEC, to such other addresses and/or such other securities
26 depositories, or no such depositories, as an Authorized Officer may designate in a
27 certificate of the Water Authority.

28 **ELECTRONIC MEANS.** Telephone, telecopy, telegraph, email,
29 facsimile transmission or any other similar means of electronic communication. Any
30 communication by telephone as an Electronic Means shall promptly be confirmed in

1 writing, which may be by one of the other means of electronic communication listed
2 in this definition.

3 EMMA. The Municipal Securities Rulemaking Board's Electronic
4 Municipal Market Access System located on its website at emma.msrb.org.

5 ESCROW AGENT. BOKF, NA dba Bank of Albuquerque, a
6 commercial bank and a member of the Federal Deposit Insurance Corporation
7 having full and complete trust powers, or its duly authorized successor or such other
8 qualifying escrow agent as may be set forth and identified in the Sale Certificate.

9 ESCROW AGREEMENT. The escrow agreement, if any, relating to
10 the refunding, refinancing and defeasing of the Refunded Obligations between the
11 Water Authority and the Escrow Agent.

12 ESCROW FUND. The escrow fund for the Refunded Obligations
13 created in Section 20 to be maintained by the Escrow Agent.

14 EXPENSE ACCOUNT. That account continued in Section 20 of this
15 Bond Resolution for the purpose of paying Expenses and which is a separate
16 account of the Debt Service Fund.

17 EXPENSES. The reasonable and necessary fees, costs and
18 expenses incurred by the Water Authority with respect to the issuance of the Bonds
19 and all matters pertaining to the Bonds, including, without limitation, attorneys' fees
20 and costs, financial advisor's fees and costs, premiums and costs for any Credit
21 Facility, costs of advertising and publication, underwriter's discounts, cost of printing
22 bonds and disclosure documents, legal fees and expenses, including any fees and
23 costs associated with any other consultant, agent (including paying agents, escrow
24 agents, verification agents, bidding agents) or Independent Accountant and all
25 reasonable and necessary fees and administrative costs of the Water Authority
26 relating to the foregoing.

27 FISCAL YEAR. The twelve-month period beginning on the first day of
28 July of each year and ending on the last day of June of the next succeeding year, or
29 any other consecutive twelve-month period, which the Water Authority designates as
30 its Fiscal Year.

1 GOVERNMENT OBLIGATIONS. Direct obligations of, or obligations
2 the principal of and interest on which are unconditionally guaranteed by, the United
3 States of America, or certificates or receipts established by the government of the
4 United States of America or its agencies or instrumentalities representing direct
5 ownership of future interests or principal payments on direct obligations of, or
6 obligations fully guaranteed by, the United States of America or any of its agencies
7 or instrumentalities the obligations of which are backed by the full faith and credit of
8 the United States of America, which obligations are held by a custodian in
9 safekeeping on behalf of the holders of such receipts, and rated or assessed in the
10 highest Rating Category by any Rating Agency if then rating the Bonds, as such
11 Government Obligations may be limited as may be set forth in the Sale Certificate.

12 GROSS REVENUES. All income and revenues directly or indirectly
13 derived by the Water Authority from the operation and use of the System, or any part
14 of the System, and includes, without limitation, all revenues received by the Water
15 Authority, or any municipal corporation or agency succeeding to the rights of the
16 Water Authority, from the System and from the sale and use of water, water services
17 or facilities, sewer service or facilities or any other service, commodity or facility or
18 any combination thereof furnished to the inhabitants of the geographic area served
19 by the Water Authority by means of the System as the same may at any time exist to
20 serve customers outside the Water Authority's geographical limits as well as
21 customers within the Water Authority's geographical limits. Such term also includes:

22 (1) All income derived from the investment of any money in
23 the Joint Water and Sewer Fund, Debt Service Fund and Rate Stabilization Fund
24 and income derived from surplus Net Revenues;

25 (2) Money released from the Rebate Fund to the Water
26 Authority;

27 (3) Money released from the Rate Stabilization Fund to the
28 Water Authority to the extent that the amount released is used to pay Operation and
29 Maintenance Expenses or Debt Service Requirements on System Obligations in the
30 year released; provided that withdrawals from the Rate Stabilization Fund shall not
31 be included in Gross Revenues for the purposes of the Rate Covenant in any two (2)

1 consecutive calendar years;

2 (4) Property insurance proceeds which are not necessary to
3 restore or replace the property lost or damaged and the proceeds of the sale or
4 other disposition of any part of the System; and

5 (5) Funds received from users of the System as a
6 reimbursement of, or otherwise in connection with, franchise fees to be paid by the
7 Water Authority.

8 Gross Revenues do not include:

9 (1) any money received as grants or gifts from the United
10 States of America, the State or other sources, or the proceeds of any charge or tax
11 intended as a replacement therefor or other capital contributions from any source
12 which are restricted as to use; and

13 (2) condemnation proceeds or the proceeds of any
14 insurance policy, except any property insurance proceeds described above in clause
15 (4) of this definition or in Section 29(L) or derived in respect of loss of use or
16 business interruption.

17 HISTORIC TEST PERIOD. Any period of twelve (12) consecutive
18 months out of the twenty-four (24) calendar months next preceding the delivery of
19 additional Senior Obligations pursuant to Section 27(B) or additional Subordinate
20 Obligations pursuant to Section 27(C).

21 INDEPENDENT ACCOUNTANT. Any certified public accountant,
22 registered accountant, or firm of accountants duly licensed to practice and practicing
23 as such under the laws of the State, appointed and paid by the Water Authority who
24 (a) is, in fact, independent and not under the domination of the Water Authority, (b)
25 does not have any substantial interest, direct or indirect, with the Water Authority,
26 and (c) is not connected with the Water Authority as an officer or employee of the
27 Water Authority, but who may be regularly retained to make annual or similar audits
28 of the books or records of the Water Authority.

29 INSURED BANK. A bank insured by an agency of the United States of
30 America.

1 INSURED OBLIGATIONS. System Obligations insured by a Bond
2 Insurance Policy or payable with the proceeds of another Credit Facility.

3 INTEREST PAYMENT DATE. January 1 and July 1 of each year (or if
4 such day is not a Business Day, then the next succeeding Business Day) beginning
5 on the date set forth in the Sale Certificate or such other payment dates as may be
6 set forth in the Sale Certificate.

7 ISSUER DOCUMENTS. The documents relating to the sale and
8 issuance of the Bonds to be authorized and executed by the Water Authority,
9 including, as applicable, the Sale Certificate, the Preliminary Official Statement, the
10 Official Statement, the Bond Purchase Agreement, the Continuing Disclosure
11 Undertaking, the Escrow Agreement and any other documents necessary in
12 connection with the sale, issuance and delivery of the Bonds.

13 JOINT WATER AND SEWER FUND. The “City of Albuquerque, New
14 Mexico, Joint Water and Sewer Fund” originally established in Section 16 of City
15 Ordinance No. 18-1984 and continued in Section 20 of this Bond Resolution as the
16 “Albuquerque Bernalillo County Water Utility Authority Joint Water and Sewer Fund.”

17 NMSA 1978. New Mexico Statutes Annotated, 1978 Compilation, as
18 amended and supplemented.

19 NET REVENUES. The Gross Revenues after deducting Operation
20 and Maintenance Expenses.

21 OFFICIAL STATEMENT. The final disclosure document relating to the
22 public offer and sale of the Bonds (including the cover page and all summary
23 statements, schedules, appendices and other materials included or incorporated by
24 reference or attached thereto), as amended or supplemented.

25 OPERATION AND MAINTENANCE EXPENSES. All reasonable and
26 necessary current expenses of the System, paid or accrued, related to operating,
27 maintaining and repairing the System including, without limiting the generality of the
28 foregoing:

29 (1) legal and overhead expenses directly related and
30 reasonably allocable to the administration of the System;

31 (2) insurance premiums for the System, including, without

1 limitation, premiums for property insurance, public liability insurance and workmen's
2 compensation insurance, whether or not self-funded;

3 (3) premiums, expenses and other costs (other than required
4 reimbursements of insurance proceeds and other amounts advanced to pay Debt
5 Service Requirements on System Obligations) for Credit Facilities;

6 (4) Expenses other than expenses paid from the proceeds of
7 System Obligations;

8 (5) the costs of audits of the books and accounts of the
9 Water Authority and the System;

10 (6) amounts required to be deposited in the Rebate Fund or
11 otherwise required to make rebate payments to the government of the United States
12 of America;

13 (7) salaries, administrative expenses, labor costs, surety
14 bonds and the cost of materials and supplies used for or in connection with the
15 current operation of the System; and

16 (8) franchise tax payments to the City, County or any other
17 local government.

18 Operation and Maintenance Expenses do not include any allowance for
19 depreciation, payments in lieu of taxes, liabilities incurred by the Water Authority as
20 a result of its negligence or other misconduct in the operation of the System or any
21 charges or costs allocable to capital improvements or replacements. Operation and
22 Maintenance Expenses do not include any payment of or reimbursement for the
23 payment of Debt Service Requirements or premiums on the Bonds.

24 OUTSTANDING. When used in reference to System Obligations, on
25 any particular date, the aggregate of all System Obligations issued and delivered
26 under the applicable Water Authority ordinance or resolution authorizing the
27 issuance of, System Obligations except:

28 (1) those canceled at or prior to such date or delivered to or
29 acquired by the Water Authority at or prior to such date for cancellation;

30 (2) those which have been paid or are deemed to be paid in
31 accordance with the Water Authority ordinance or resolution authorizing the

1 issuance of the applicable System Obligations or otherwise relating thereto, provided
2 that the payment of Insured Obligations with the proceeds of a Bond Insurance
3 Policy shall not result in those Insured Obligations ceasing to be Outstanding;

4 (3) in the case of Variable Rate Obligations, System
5 Obligations deemed tendered but not yet presented for payment;

6 (4) those Bonds which have been refunded or defeased in
7 accordance any ordinances or resolutions of the Water Authority authorizing the
8 refunding or defeasance of such designated System Obligations; and

9 (5) those in lieu of or in exchange or substitution for which
10 other System Obligations shall have been delivered, unless proof satisfactory to the
11 Water Authority and the Paying Agent for the applicable System Obligations is
12 presented that any System Obligation for which a new System Obligation was
13 issued or exchanged is held by a bona fide holder in due course.

14 OWNER. The registered owner or owners of any Bond as shown on
15 the registration books maintained by the Registrar.

16 PAYING AGENT. The Chief Financial Officer or successor in function
17 of the Water Authority or any trust company, national or state banking association or
18 financial institution qualified to act, appointed as the paying agent for the Bonds by
19 an Authorized Officer from time to time or any other paying agent established for the
20 Bonds as may be set forth in the Sale Certificate.

21 PERMITTED INVESTMENTS. Any of the following which at the time
22 of the investment are legal investments for the Water Authority for the money to be
23 invested and any other investments, which at the time of investment are legal
24 investments of the Water Authority for the money to be invested:

25 (1) United States of America Government Obligations:
26 Securities backed by the full faith and credit of the U.S. Government including direct
27 obligations of the U.S. Treasury, such as U.S. treasury notes and bills and “Ginnie
28 Mae” mortgage-backed certificates issued by the Government National Mortgage
29 Association;

30 (2) United States of America Government Obligations:
31 Securities issued or guaranteed by U.S. Government agencies, instrumentalities or

1 sponsored enterprises, but which are not backed by the full faith and credit of the
2 U.S. Government. These securities include Federal Farm Credit Bank “FFCB”,
3 Federal Home Loan Bank “FHLB”, Federal Home Loan Mortgage Corporation
4 “FHLMC” and Federal National Mortgage Association “FNMA” and other entities that
5 qualify as instrumentalities of the U.S. government. Additionally, mortgage-backed
6 certificates, and debentures issued by “Freddie Mac” (Federal Home Loan Mortgage
7 Corporation) and “Fannie Mae” (Federal National Mortgage Association) are
8 allowable;

9 (3) Bank, Savings and Loan Associations or Credit Unions:
10 Deposits in certified and designated New Mexico financial institutions, per the
11 requirement in the New Mexico Constitution Article VIII, Section 4, whose deposits
12 are insured by an agency of the United States of America. All deposits will comply
13 with State law of the Board related to interest rate and collateral requirements. CD
14 deposits shall not be made with custodial banks of the Water Authority. A deposit in
15 any credit union shall be limited to the amount insured by an agency of the United
16 States of America;

17 (4) Municipal Securities: Obligations, the interest on which is
18 excluded from gross income of the recipient for federal income tax purposes, which
19 comply with State law and the policies of the Board;

20 (5) Money market instruments and other securities of
21 commercial banks, broker-dealers or recognized financial investors, which securities
22 or institutions are rated in the highest Rating Category by any Rating Agency, or
23 which securities are guaranteed by a person or entity whose long-term debt
24 obligations are rated in the highest Rating Category by any Rating Agency,
25 including, without limitation, securities of, or other interests in, any open-end or
26 closed-end management type investment company or investment trust registered
27 under the provisions of 15 U.S.C. Sections 80(a)-1 et. seq., which invest only in, or
28 whose securities are secured only by, obligations of the type set forth in paragraphs
29 (1) and (2) of this definition;

30 (6) The “local government investment pool” described in
31 Section 6-10-10.1 NMSA. 1978, as amended, or other similar pooled fund

1 maintained by the State for the investment of public funds of local public bodies of
2 the State; and

3 (7) Repurchase agreements involving the purchase and sale
4 of, and guaranteed investment contracts, the par value of which is collateralized by a
5 perfected first pledge of, or security interest in, or the payments of which are
6 unconditionally guaranteed by, securities described in parts (1) and (2) of this
7 definition, which collateral is held by the Water Authority, or for the benefit of the
8 Water Authority, by a party other than the provider of the guaranteed investment
9 contract or repurchase agreement, with a collateralized value of at least 102% of the
10 par value of such repurchase agreement or guaranteed investment contract or 102%
11 of the market value thereof, valued at intervals of no less than monthly and which
12 collateral is not subject to any other pledge or security interest.

13 PRELIMINARY OFFICIAL STATEMENT. The initial disclosure
14 document relating to the public offer and sale of the Bonds (including the cover page
15 and all summary statements, appendices, schedules and other materials included or
16 incorporated by reference or attached thereto), as amended or supplemented.

17 PRINCIPAL PAYMENT DATE. July 1st of each year so long as the
18 Bonds are Outstanding, beginning on the date set forth in the Sale Certificate or
19 such other principal payment date or dates as may be set forth in the Sale
20 Certificate.

21 PROSPECTIVE TEST PERIOD. The 12-month period commencing
22 on the first day of the month following the estimated Completion Date of the project
23 for which additional Senior Obligations or Subordinate Obligations are proposed to
24 be issued pursuant to Section 27(B) or Section 27(C), respectively, or the first day of
25 the thirty-sixth month following the delivery of such Senior Obligations or
26 Subordinate Obligations, whichever is earlier.

27 QUALIFIED EXCHANGE AGREEMENT. Any interest rate exchange
28 between the Water Authority and a counterparty which, when entered into by the
29 Water Authority, satisfies the requirements of Section 6-18-8.1 NMSA 1978.

30 RATE COVENANT. The covenants in Section 29(C) relating to
31 charging rates for use of the System to pay Debt Service Requirements.

1 RATE STABILIZATION FUND. The Rate Stabilization Fund for
2 System Obligations previously established by the Water Authority and continued in
3 Section 20 of this Bond Resolution.

4 RATING AGENCY. S&P Global Ratings, a division of S&P Global Inc.,
5 Moody's Investors Services, Inc., Fitch Ratings, Kroll Ratings, their successors and
6 their assigns, and, or, any other nationally recognized rating agency.

7 RATING CATEGORY. A generic securities rating category, without
8 regard, in the case of a long-term rating category, to any refinement or gradation of
9 such long-term rating category by a numerical modifier or otherwise.

10 REBATE FUND. The Rebate Fund for System Obligations previously
11 established by the Water Authority and continued in Section 29(S)(2) of this Bond
12 Resolution.

13 RECORD DATE. The fifteenth day of the calendar month preceding
14 each Interest Payment Date or such other record date as may be set forth in the
15 Sale Certificate.

16 REFUNDED OBLIGATIONS. The applicable Refunded Obligations set
17 forth in Schedule I and ultimately selected by the Delegate to be refunded,
18 refinanced and defeased all as further set forth and identified in the Sale Certificate.

19 REFUNDING PROJECT. The refunding, refinancing and defeasing of
20 the Refunded Obligations as set forth in the Sale Certificate.

21 REGISTRAR. The Chief Financial Officer or successor in function of
22 the Water Authority or any trust company, national or state banking association or
23 financial institution qualified to act, appointed as the registrar for the Bonds by an
24 Authorized Officer from time to time or any such other registrar for the Bonds as set
25 forth in the Sale Certificate.

26 RESERVE ACCOUNT. The accounts of the Debt Service Fund to be
27 established for Senior Obligations or Subordinate Obligations with a reserve
28 requirement.

29 RESERVE ACCOUNT SURETY BOND. Any policy of insurance or
30 surety bond or other Credit Facility issued to the Water Authority to be deposited in a
31 Reserve Account, the proceeds of which shall be used to prevent deficiencies in the

1 payment of the principal of or interest on a series of System Obligations, written by
2 an insurer whose policies of insurance, or issued by a Credit Source whose Credit
3 Facility, would not adversely affect the rating of the System Obligations by any
4 Rating Agency, if then rating the Bonds. At the time of the issuance of such policy,
5 such insurer or the component insurance companies thereof or the obligations
6 thereof shall have received the highest policy claims rating accorded insurers by the
7 A. M. Best Company or any comparable service and any of the three highest rating
8 categories of any Rating Agency.

9 SALE CERTIFICATE. One or more certificates executed by the
10 Delegate dated on or before the date of initial delivery of the Bonds, setting forth the
11 following final terms of the Bonds: (i) the interest and principal payment dates; (ii) the
12 principal amounts, denominations and maturity amortization; (iii) the sale prices;
13 (iv) the interest rate or rates; (v) the interest payment periods; (vi) the redemption
14 and tender provisions; (vii) the procurement, if any, of a Municipal Bond Insurance
15 Policy or Reserve Account Surety Bond, and any related covenants and
16 agreements, (viii) the creation of any capitalized interest fund, including the size and
17 funding of such fund(s); (ix) the amount of underwriting discount, if any; (x) the public
18 securities to be refunded, if any, (xi) the final terms of agreements, if any, with
19 agents or service providers required in connection with the Bonds, (xii) any updates
20 to or applicable changes to this Resolution necessary or required to effect the
21 authorization, sale, issuance and delivery of the Bonds, (xiii) the federal tax status of
22 the Bonds, and (xiv) any other terms or provisions in connection with the Bonds as
23 deemed necessary by the Delegate.

24 SEC. The United States Securities and Exchange Commission.

25 SENIOR OBLIGATIONS. The obligations designated as Senior
26 Obligations as set forth in Exhibit A and any other System Obligations now or
27 hereafter issued with a lien on the Net Revenues on a parity with the senior lien of
28 the Outstanding Senior Obligations on Net Revenues and superior to the lien of the
29 Subordinate Obligations and the Super Subordinate Obligations.

1 SERIES 2026 BONDS DEBT SERVICE ACCOUNT. An account of the
2 Debt Service Fund established for the deposit of amounts necessary to pay the Debt
3 Service Requirements on the Bonds.

4 STATE. The State of New Mexico.

5 SUBORDINATE OBLIGATIONS. The obligations designated as
6 Subordinate Obligations as set forth in Exhibit A and any other System Obligations
7 now or hereafter issued with a lien on the Net Revenues subordinate to the lien of
8 Senior Obligations and superior to the lien of the Super Subordinate Obligations on
9 the Net Revenues.

10 SUPER SUBORDINATE OBLIGATIONS. The obligations designated
11 as Super Subordinate Obligations as set forth in Exhibit A and any other System
12 Obligations now or hereafter issued with a lien on the Net Revenues subordinate to
13 the liens of the Senior Obligations and the Subordinate Obligations on the Net
14 Revenues.

15 SYSTEM. The public utility owned by the Water Authority and
16 designated as the Water Authority's water system and sanitary sewer system
17 (continued as a joint utility system in Section 4 of this Bond Resolution) consisting of
18 all properties, real, personal, mixed or otherwise, now owned or hereafter acquired
19 by the Water Authority, through purchase, construction or otherwise, including all
20 extensions, enlargements and improvements of or to the water and sanitary sewer
21 system and used in connection therewith or relating thereto, and any other related
22 activity or enterprise of the Water Authority designated by the Board as part of the
23 water and sanitary sewer system, whether situated within or without the
24 geographical limits of the Water Authority.

25 SYSTEM OBLIGATIONS. All bonds and other similar indebtedness
26 payable solely or primarily from Net Revenues, including, without limitation, the
27 Senior Obligations, the Subordinate Obligations and the Super Subordinate
28 Obligations.

29 UNDERWRITERS. The original purchaser or purchasers of the Bonds
30 as set forth in the Official Statement, if applicable, or the Bond Purchase Agreement
31 and the Sale Certificate.

1 VARIABLE RATE OBLIGATIONS. System Obligations, including
2 reimbursement obligations pursuant to a Credit Facility, the interest rate on which is
3 subject to change from time to time.

4 WATER AUTHORITY. The Albuquerque Bernalillo County Water
5 Utility Authority created by Section 72-1-10 NMSA 1978 operating under the name
6 Albuquerque Bernalillo County Water Utility Authority.

7 RULES OF CONSTRUCTION. For purposes of this Bond Resolution,
8 unless otherwise expressly provided or unless the context requires otherwise:

9 (1) All references in this Bond Resolution to designated
10 Sections and other subdivisions are to the designated Section and other
11 subdivisions of this Bond Resolution.

12 (2) The words “herein”, “hereof”, “hereunder”, and “herewith”
13 and other words of similar import in this Bond Resolution refer to this Bond
14 Resolution, as a whole, and not to any particular Section or other subdivision.

15 (3) All accounting terms not otherwise defined in this Bond
16 Resolution have the meanings assigned to them in accordance with generally
17 accepted accounting principles.

18 (4) Words of the masculine gender shall be deemed and
19 construed to include correlative words of the feminine and neuter genders or any
20 such other designation or pronoun as may be determined by the Water Authority to
21 be reasonable and politically correct in the future.

22 (5) The headings used in this Bond Resolution are for
23 convenience of reference only and shall not define or limit the provisions of this
24 Bond Resolution.

25 (6) Terms in the singular include the plural and vice versa.

26 Section 2. RATIFICATION. All actions previously taken (not inconsistent
27 with the provisions of this Bond Resolution) by the Board and the officers of the
28 Water Authority, directed toward the authorization, pledge, collection and distribution
29 of the Net Revenues, the Refunding Project, and the authorization, issuance and
30 sale of the Bonds are ratified, approved and confirmed.

31 Section 3. FINDINGS.

1 (A) The Water Authority declares that it has considered all relevant
2 information and data and finds that the issuance of the Bonds in one or more series
3 under the Act in an aggregate principal amount not to exceed the amount set forth
4 below for the Refunding Project is necessary and in the interest of the public health,
5 safety and welfare of the residents of the geographic area served by the Water
6 Authority.

7 (B) The Water Authority will finance the Refunding Project with the
8 proceeds of the Bonds, together with other funds of the Water Authority, if
9 necessary.

10 (C) It is economically feasible to accomplish the Refunding Project
11 by the issuance of the Bonds and the Refunding Project shall result in debt service
12 savings for the Water Authority.

13 (D) The forms of the applicable Issuer Documents and the sale of
14 the Bonds to the Underwriters within the parameters set forth in this Bond Resolution
15 are hereby approved by the Board with the approval of the final terms of the Bonds
16 to be accepted and further set forth in the Sale Certificate and final forms of the
17 Issuer Documents delegated to the Delegate or her designee as permitted by
18 Section 6-14-10.2 NMSA 1978. The use and distribution of any Preliminary Official
19 Statement and Official Statement, if any, by the Underwriters in connection with the
20 sale of the bonds to the public are hereby ratified, authorized, approved and
21 acknowledged.

22 Section 4. JOINT UTILITY. The System shall continue to be operated and
23 maintained as a joint public utility.

24 Section 5. LIABILITY FOR OUTSTANDING SYSTEM OBLIGATIONS.
25 The Water Authority hereby confirms that, in accordance with Section 72-1-10
26 NMSA 1978, the Water Authority is solely responsible for paying the Debt Service
27 Requirements for all Outstanding System Obligations.

28 Section 6. AUTHORIZATION OF PROJECT; EXPENSES.

29 (A) REFUNDING PROJECT. The Refunding Project is hereby
30 authorized and approved and the Refunded Obligations shall be redeemed,
31 refunded and defeased, all as further set forth in the Sale Certificate.

1 (B) EXPENSES. The payment of Expenses is authorized and
2 approved.

3 (C) PROCEEDS. The net proceeds of the Bonds will be used
4 exclusively for the Refunding Project including the payment of Expenses.

5 Section 7. THE BONDS.

6 (A) AUTHORIZATIONS. This Bond Resolution has been adopted
7 by the affirmative vote of at least a majority of all of the members of the Board. For
8 the purpose of protecting the public health, conserving the property, protecting the
9 general welfare and prosperity of the citizens of the geographic area served by the
10 Water Authority, and completing the Refunding Project, it is necessary that the
11 Water Authority issue, and the Water Authority is hereby authorized to issue,
12 pursuant to the Act, its negotiable, fully registered bonds in one or more series
13 designated as the "Albuquerque Bernalillo County Water Utility Authority Senior Lien
14 Joint Water and Sewer System Refunding Revenue Bonds, Series 2026" or such
15 other designation as set forth in the Sale Certificate.

16 The Bonds shall be issued in one or more series in the aggregate principal
17 amount not to exceed \$33,120,000, to be used, with other available moneys of the
18 Water Authority, if any, to complete the Refunding Project, including the payment of
19 Expenses.

20 (B) DETAILS OF THE BONDS.

21 (1) General. The Bonds shall be issued as fully registered
22 bonds in one or more series and shall be issued to provide funds, together with other
23 available funds of the Water Authority, if any, to finance the Refunding Project and to
24 pay Expenses. The Bonds shall be dated the date of issuance of the Bonds (the
25 "Series Date"), and shall be issued either as physical bonds delivered to the
26 Underwriters or fully registered bonds in the name of Cede & Co., as nominee of
27 The Depository Trust Company, New York, New York ("DTC"), as registered owner
28 of the Bonds, or in any other form as set forth in the Sale Certificate.

29 (2) Interest Payment Date; Interest Rates; Maturities. The
30 Bonds shall bear interest from the most recent date to which interest has been paid
31 or provided for or if no interest has been paid or provided for from the date of the

1 Bonds until maturity or until redeemed if called for redemption prior to maturity. The
2 Bonds shall bear interest payable on each Interest Payment Date, beginning on the
3 date set forth in the Sale Certificate, at the rates per annum, maturing in the years
4 and amounts, set forth in the Bond Purchase Agreement and the Sale Certificate.

5 (3) Computation of Interest. Interest on Bonds will be
6 computed on the basis of a 360-day year consisting of twelve 30-day months or in
7 such other manner as may be set forth in the Sale Certificate. If, upon presentation
8 at maturity or for prior redemption, payment of the principal amount of any Bond is
9 not made as required by this Bond Resolution, interest on the unpaid principal
10 amount of such Bond shall continue to accrue at the interest rate stated or described
11 in that Bond until the principal amount of that Bond is paid in full.

12 (4) Priority of Lien on the Net Revenues. The Bonds shall be
13 issued with a lien on the Net Revenues on a parity with the lien of the Senior
14 Obligations on the Net Revenues and a lien superior to the liens of the Subordinate
15 Obligations and the Super Subordinate Obligations on the Net Revenues.

16 (C) BOOK-ENTRY. Unless otherwise set forth in the Sale
17 Certificate, the Bonds shall be issued or registered in book entry form with no
18 physical distribution of bond certificates made to the public, with a Depository acting
19 as securities depository for the Bonds. A single certificate for each maturity of the
20 Bonds will be delivered to the Depository and immobilized in its custody. The book-
21 entry system will evidence ownership of the Bonds in Authorized Denominations,
22 with transfer of ownership effected on the books of the Depository and its
23 participants ("Participants"). As a condition to delivery of the Bonds, the
24 Underwriters will, immediately after acceptance of delivery thereof, deposit, or cause
25 to be deposited, Bond certificates with the Depository, registered in the name of the
26 Depository or its nominee. Principal of, premium, if any, and interest on the Bonds
27 will be paid to the Depository or its nominee as the registered Owner of the Bonds.
28 The transfer of principal and interest payments to Participants will be the
29 responsibility of the Depository; the transfer of principal and interest payments to the
30 Beneficial Owners will be the responsibility of such Participants and other nominees
31 of Beneficial Owners maintaining a relationship with Participants (the "Indirect

1 Participants”). The Water Authority will not be responsible or liable for maintaining,
2 supervising or reviewing the records maintained by the Depository, Participants or
3 Indirect Participants.

4 If (i) the Bonds are not eligible for the services of the Depository, (ii) the
5 Depository determines to discontinue providing its services or (iii) the Water
6 Authority determines that a continuation of the system of book-entry transfers
7 through the Depository ceases to be beneficial to the Water Authority or the
8 Beneficial Owners, the Water Authority will either identify another Depository or
9 certificates will be delivered to Beneficial Owners or their nominees and the
10 Beneficial Owners or their nominees, upon authentication of Bonds and registration
11 of the Bonds in the Beneficial Owners’ or nominees’ names, will become the Owners
12 for all purposes. In either such event, the Water Authority shall mail an appropriate
13 notice to the Depository for notification to Participants, Indirect Participants and
14 Beneficial Owners of the substitute Depository or the issuance of bond certificates to
15 Beneficial Owners or their nominees, as applicable.

16 Authorized Officers are authorized to sign agreements with Depositories
17 relating to the matters set forth in this Section.

18 Notwithstanding any other provision of the Bond Legislation to the contrary,
19 so long as all the Bonds are registered in the name of the Depository or its nominee,
20 all payments with respect to principal of, redemption premium, if any, and interest on
21 the Bonds, and all notices, shall be made and given by the Paying Agent or the
22 Water Authority to the Depository as provided in the Bond Legislation and by the
23 Depository to its Participants and by the Participants or Indirect Participants to the
24 Beneficial Owners.

25 (D) PAYMENT OF THE BONDS. The principal of and premium, if
26 any, on the Bonds shall be payable upon presentation and surrender of the Bonds at
27 the principal office of the Paying Agent at or after their maturity or prior redemption
28 dates. Interest on the Bonds shall be payable by check or draft mailed to the owners
29 (or by such other arrangement as may be mutually agreed to by the Paying Agent
30 and an Owner). The Owner shall be deemed to be that person or entity shown on
31 the registration books for the Bonds maintained by the Registrar at the address

1 appearing in the registration books at the close of business on the applicable Record
2 Date. Interest which is not timely paid or provided for shall cease to be payable to
3 the Owner of the applicable Bonds (or of one or more predecessor Bonds) as of the
4 Record Date, but shall be payable to the Owners of those Bonds (or of one or more
5 predecessor Bonds) at the close of business on a special record date for the
6 payment of the overdue interest. The special record date shall be fixed by the
7 Paying Agent and Registrar whenever money becomes available for payment of the
8 overdue interest and notice of the special record date shall be given to the Owners
9 of the Bonds not less than ten (10) days prior to that date. Payment shall be made
10 in the coin or currency of the United States of America that is at the time of payment
11 legal tender for the payment of public and private debts. If the principal amount of
12 any Bond presented for payment remains unpaid at maturity, the unpaid principal
13 shall bear interest at the rate designated in that Bond. Payments of Bonds shall be
14 made without deduction for exchange or collection charges.

15 The Water Authority shall transfer, or cause to be transferred, funds to the
16 Paying Agent on a timely basis so that the Paying Agent may make payments of the
17 principal of, premium, if any, and interest on the Bonds, when due, to the Owners
18 and comply with the requirements of any Credit Source. The Water Authority shall
19 notify the Paying Agent if there is or will be an insufficient amount of money of the
20 Water Authority legally available to pay principal and interest on the Bonds when
21 due.

22 Section 8. APPOINTMENT OF PAYING AGENT AND REGISTRAR, AND
23 ESCROW AGENT. The initial Paying Agent and Registrar for the Bonds and the
24 Escrow Agent shall be set forth in the Sale Certificate. The Paying Agent,
25 Authenticating Agent and Registrar shall be the same person.

26 Section 9. REDEMPTION OF BONDS.

27 (A) GENERAL. The Bonds may be subject to optional and
28 mandatory sinking fund redemption, in any order of maturity as determined by the
29 Water Authority, at a redemption price equal to 100% of the principal amount of the
30 Bonds to be redeemed, plus accrued interest to the date of redemption all as more
31 fully set forth in the Sale Certificate.

1 (B) REDEMPTION CONDITIONAL. Unless money sufficient to pay
2 the principal of and interest on the Bonds to be redeemed at the option of the Water
3 Authority is received by the Paying Agent prior to the giving of notice of redemption
4 in accordance with Section 9(E), that notice shall state that the redemption is
5 conditional upon the receipt of that money by the Paying Agent by 2:00 p.m. on the
6 redemption date. If an amount sufficient to redeem all Bonds called for redemption
7 is not received by that time (i) the Paying Agent shall redeem only those Bonds for
8 which the redemption price was received and the Bonds to be redeemed shall be
9 selected in the manner set forth in Section 9(D) and (ii) the redemption notice shall
10 have no effect with respect to those Bonds for which the redemption price was not
11 received and those Bonds shall not be redeemed. The Registrar shall give notice to
12 the Owners of the Bonds which will not be redeemed in the manner in which the
13 notice of redemption was given, identifying the Bonds which will not be redeemed,
14 stating that the redemption did not take place with respect to those Bonds, and the
15 Registrar shall promptly return those Bonds to the Owners thereof as shown on the
16 Bonds register.

17 (C) CANCELLATION AND CREDIT. At its option, to be exercised
18 on or before the 45th day next preceding any mandatory sinking fund redemption
19 date, the Water Authority may irrevocably elect to (a) deliver to the Paying Agent for
20 cancellation Bonds of the same series, interest rate and maturity in any aggregate
21 principal amount and/or (b) receive a credit in respect of its sinking fund redemption
22 obligation for any Bonds of the same series, interest rate and maturity which, prior to
23 said date, have been redeemed (other than through the operation of the sinking
24 fund) and canceled by the Paying Agent and not theretofore applied as a credit
25 against any sinking fund redemption obligation. Each Bond delivered or previously
26 redeemed shall be credited by the Paying Agent as directed by the Water Authority
27 at the principal amount thereof in Authorized Denominations against the amounts
28 required to be paid by the Water Authority on the designated mandatory sinking fund
29 redemption date, and the principal amount of Bonds to be redeemed by operation of
30 such sinking fund on such date shall be reduced by that principal amount.

31 (D) PARTIAL REDEMPTION. If less than all of the Bonds subject

1 to redemption are to be redeemed at any one time, the Bonds to be redeemed shall
2 be selected by the Registrar in the manner and from the maturities designated by
3 the Water Authority. If less than all of the Bonds of a given maturity are redeemed,
4 the Bonds to be redeemed within that maturity shall be selected by lot in such
5 manner as determined by the Registrar. Part of a Bond may be redeemed in an
6 Authorized Denomination if the amount of that Bond which remains outstanding is
7 also in an Authorized Denomination.

8 (E) NOTICE OF REDEMPTION. Notice of redemption of Bonds
9 shall be given by the Registrar by sending a copy of such notice by Electronic
10 Means or by first-class, postage prepaid mail not less than thirty (30) days prior to
11 the redemption date to the Owner of each Bond, or portion thereof, to be redeemed
12 at the address shown as of the fifth day prior to the mailing of notice on the
13 registration books kept by the Registrar and to the Credit Source for the Bonds, if
14 any. The Water Authority shall give the Registrar notice of Bonds to be called for
15 optional redemption at least fifteen (15) days prior to the date that the Registrar is
16 required to give Owners notice of redemption specifying the Bonds or the principal
17 amount thereof to be called for redemption and the applicable redemption date. If
18 the Water Authority has not designated the Bonds to be called for redemption on the
19 dates specified above, the Registrar shall select the Bonds to be redeemed by lot.
20 Neither the Water Authority's failure to give such notice, the Registrar's failure to
21 give such notice to the registered Owner of any Bonds or to any Credit Source, or
22 any defect thereon, nor the failure of the Depository to notify a Participant or any
23 Participant or Indirect Participant to notify a Beneficial Owner of any such
24 redemption, shall affect the validity of the proceedings for the redemption of any
25 Bonds for which proper notice was given.

26 Notices shall specify the CUSIP numbers, if applicable, and maturity date or
27 dates of the Bonds to be redeemed (if less than all Bonds are to be redeemed), the
28 date of or principal amounts of any Bonds to be redeemed in part, the date fixed for
29 redemption, and shall further state that, subject to the terms of Section 9(B), if
30 applicable, on such redemption date there will become and be due and payable
31 upon each Bond or part thereof to be redeemed at the office of the Paying Agent the

1 principal amount thereof to be redeemed plus accrued interest, if any, to the
2 redemption date and the stipulated premium, if any, and that from and after such
3 date, interest will cease to accrue on those Bonds. In addition to the foregoing
4 notice, the notice of redemption given by the Registrar shall include such additional
5 information, and the Registrar shall comply with any other terms regarding
6 redemption, as are required by any applicable agreement with a Depository.

7 Notice having been given in the manner provided above, subject to the terms
8 of Section 9(B), the Bonds or part thereof called for redemption shall become due
9 and payable on the redemption date designated and the Bonds or part thereof to be
10 redeemed, for which there was sufficient money on deposit with the Paying Agent,
11 shall not be deemed to be Outstanding and shall cease to bear or accrue interest
12 from and after such redemption date. Upon presentation of a Bond to be redeemed
13 at the office of the Paying Agent on or after the redemption date or, so long as the
14 book-entry system is used for determining beneficial ownership of Bonds, upon
15 satisfaction of the terms of any other arrangement between the Paying Agent and
16 the Depository, the Paying Agent will pay such Bond, or portion thereof called for
17 redemption.

18 The Registrar shall also send a copy of the notice of redemption by Electronic
19 Means, first class mail or overnight delivery to any Depository. Failure to provide
20 notice to any Depository shall not affect the validity of proceedings for the
21 redemption of Bonds.

22 The Water Authority is not required to notify the Registrar of mandatory
23 sinking fund redemption of Bonds.

24 (F) CANCELLATION. All Bonds which have been redeemed or
25 received for transfer shall be canceled and destroyed by the Paying Agent and shall
26 not be reissued and a counterpart of the certificate of destruction shall be furnished
27 by the Paying Agent to the Water Authority.

28 Section 10. REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP
29 OF BONDS.

30 (A) REGISTRATION AND EXCHANGE. The Water Authority shall
31 cause books for registration, transfer and exchange of the Bonds to be kept at the

1 principal office of the Registrar. Upon surrender for transfer or exchange of any
2 Bonds at the principal office of the Registrar duly endorsed by the Owner or his
3 attorney duly authorized in writing, or accompanied by a written instrument or
4 instruments of transfer or exchange in form satisfactory to the Registrar and properly
5 executed, the Water Authority shall execute and the Registrar shall authenticate and
6 deliver in the name of the transferee or Owner replacement Bonds of the same
7 maturity, interest rate and aggregate principal amount in Authorized Denominations.

8 (B) OWNERS OF BONDS. The person in whose name any Bond is
9 registered shall be deemed and regarded as its absolute Owner for all purposes,
10 except as may otherwise be provided with respect to the payment of overdue
11 interest on the Bonds in Section 7(D). Payment of either the principal of or interest
12 on any Bond shall be made only to or upon the order of its Owner or his legal
13 representative. All such payments shall be valid and effectual to satisfy and
14 discharge the liability on Bonds to the extent of the amount paid.

15 (C) LOST BONDS. If any Bond is lost, stolen, destroyed or
16 mutilated, the Registrar shall, upon receipt of such Bond, if mutilated, and the
17 evidence, information or indemnity which the Registrar may reasonably require, if
18 lost, stolen, or destroyed, authenticate and deliver a replacement Bond of the same
19 aggregate principal amount, maturity and interest rate, bearing a number or numbers
20 not then outstanding. If any lost, stolen, destroyed or mutilated Bond has matured or
21 been called for redemption, the Registrar may direct the Paying Agent to pay that
22 Bond in lieu of replacement.

23 (D) CHARGES TO OWNERS. Exchanges and transfers of Bonds
24 shall be made without charge to the Owner or any transferee except that the
25 Registrar may make a charge sufficient to reimburse the Registrar for any tax, fee or
26 other governmental charge required to be paid with respect to that transfer or
27 exchange.

28 (E) LIMITATIONS ON TRANSFER. Except for any Bond which
29 may be and is tendered for purchase, the Registrar shall not be required to transfer
30 or exchange (a) any Bond during the five-day period preceding the mailing of notice
31 calling Bonds, as applicable, for redemption and (b) any Bond called for redemption.

1 Section 11. FILING OF SIGNATURES. Prior to the execution of any Bond
2 pursuant to Sections 6-9-1 to 6-9-6 NMSA 1978, as amended, the Chair, the Vice
3 Chair, the Executive Director and the Secretary of the Water Authority or any other
4 applicable Authorized Officer, shall each file with the New Mexico Secretary of State
5 his or her manual signature certified by him or her under oath; provided that filing
6 shall not be necessary for any officer where any previous filing may have legal
7 application to the Bonds.

8 Section 12. EXECUTION AND CUSTODY OF BONDS.

9 (A) EXECUTION. The Bonds shall be signed with the facsimile or
10 manual signature of the Chair and the manual or facsimile signature of the Secretary
11 of the Water Authority. Bonds when authenticated and bearing the manual or
12 facsimile signatures of the officers in office at the time of their signing shall be valid
13 and binding obligations of the Water Authority, notwithstanding that before delivery
14 of those Bonds, any or all of the persons who executed those Bonds shall have
15 ceased to fill their respective offices. The Chair, Vice Chair, Executive Director and
16 Board Secretary, at the time of the execution of the Bonds and the signature
17 certificate, each may adopt as and for his or her own facsimile signature, the
18 facsimile signature of his or her predecessor in office if such facsimile signature
19 appears upon any of the Bonds or certificates pertaining to the Bonds. No manual
20 or facsimile signature of an officer of the Water Authority or an Authenticating Agent
21 shall be required if the Bonds are issued in book-entry form without the delivery of
22 any physical securities.

23 (B) CUSTODY. The Authenticating Agent or its designee shall hold
24 in custody all Bonds signed and attested by the Chair, Vice Chair and Executive
25 Director or Secretary until ready for delivery to the Underwriters, transferee or
26 Owner. The Water Authority shall, from time to time, at the written request of the
27 Authenticating Agent, provide the Authenticating Agent an adequate supply of
28 Bonds.

29 (C) AUTHENTICATION. No Bond shall be valid or obligatory for
30 any purpose unless the certificate of authentication has been duly executed by the
31 Authenticating Agent. The Authenticating Agent's certificate of authentication shall

1 be deemed to have been duly executed if manually signed by an Authorized Officer
2 of the Authenticating Agent, but it shall not be necessary that the same officer sign
3 the certificate of authentication on all Bonds.

4 Section 13. NEGOTIABILITY; PREFERENCE. Except as otherwise stated
5 in this Bond Resolution, the Bonds shall be fully negotiable and shall have all the
6 qualities of negotiable paper and the Owners shall possess all rights enjoyed by the
7 holders of negotiable instruments under the provisions of the State's Uniform
8 Commercial Code -- Investment Securities. All of the Bonds shall in all respects, as
9 to each other, be equally and ratably secured, without preference, priority or
10 distinction on account of the dates or the actual times of their issuance or maturities.

11 Section 14. SPECIAL LIMITED OBLIGATIONS. All of the Bonds and all
12 payments of principal of, premium, if any, and interest on Bonds, and the fees, costs,
13 expenses and other obligations of the Water Authority under the Bond Legislation,
14 the Issuer Documents, or any Credit Facility, together with the interest accruing
15 thereon, shall be special limited obligations of the Water Authority and shall be
16 payable, collectible or reimbursable solely from the Net Revenues, Bond proceeds,
17 the earnings thereon and, if a Bond Insurance Policy is issued for the payment of the
18 Bonds, from the proceeds of the policy. The Owners, any Credit Source and
19 obligees under the Bond Legislation or any Credit Facility may not look to any
20 general or other municipal fund for the payment of the principal of, premium, if any,
21 or interest on such obligations or such fees, costs and expenses, except the
22 designated special funds specifically pledged for the Bonds as set forth in or
23 permitted by this Section. None of the Bonds, the Bond Legislation, the Issuer
24 Documents, or any Credit Facility or such costs, fees and expenses of the Water
25 Authority shall constitute an indebtedness of the Water Authority within the meaning
26 of any constitutional, charter or statutory provision or limitation, nor shall they be
27 considered or held to be general obligations of the Water Authority, and each Bond
28 shall recite that it is payable and collectible solely from the Net Revenues, the
29 proceeds of the Bonds, and, if a Bond Insurance Policy is issued for the payment of
30 the Bonds, from the proceeds of that policy and that the Owners may not look to any
31 general funds of the Water Authority or any City or County fund for the payment of

1 the principal of, premium, if any, or interest on the Bonds.

2 Section 15. SALE OF BONDS; DELEGATION OF AUTHORITY TO
3 APPROVE FINAL TERMS WITHIN THE PARAMETERS SET FORTH HEREIN.

4 The sale of the Bonds to the Underwriters within the parameters set forth below and
5 as described in the Sale Certificate and Bond Purchase Agreement is hereby
6 approved. After the Bonds have been duly executed and authenticated and upon
7 receipt of the purchase price therefor, the Bonds shall be delivered to the
8 Underwriters by an Authorized Officer in accordance with the Bond Purchase
9 Agreement. The final terms of the Bonds shall be within the parameters set forth
10 below:

11 (a) The proceeds of the Bonds shall be used for the Refunding Project.

12 (b) The aggregate maximum par amount of the Bonds shall not be more
13 than \$33,120,000.

14 (c) The final maturity of the Bonds shall be no later than July 1, 2030.

15 (d) The maximum interest rate on the Bonds shall be no greater than 12%
16 per annum.

17 (e) The Bonds shall be secured by a senior lien (but not an exclusive
18 senior lien) on and shall be payable solely from the Net Revenues of the
19 System.

20 (f) The Bonds shall be sold to the Underwriters as set forth in the Sale
21 Certificate with a sales price not less than 75% of the par amount of the
22 Bonds.

23 (g) The Underwriters' discount in connection with the sale of the Bonds
24 shall not exceed 1% of the aggregate principal amount of the Bonds.

25 (h) The Bonds may be subject to optional and/or mandatory sinking fund
26 redemption as set forth in the Sale Certificate.

27 (i) The Bonds, the Bond Purchase Agreement and the Escrow Agreement
28 shall be in substantially the forms described in this Resolution and approved
29 by an Authorized Officer.

30 (j) The net present value savings from the Refunding Project shall be at
31 least 3%.

1 (k) The Bonds may be issued in one or more series on a taxable or tax-
2 exempt basis as determined by the Delegate and as further set forth in the Sale
3 Certificate.

4 The Delegate is hereby authorized pursuant to this Resolution to determine
5 the final terms of the Bonds as permitted by Section 6-14-10.2 NMSA 1978 and to
6 execute a Sale Certificate and a Bond Purchase Agreement with the Underwriters in
7 conformance with these parameters. The Sale Certificate may include any and all
8 such additional terms or provisions to supplement this Resolution as may be
9 necessary or required to effect the authorization, sale and delivery of the Bonds.

10 Section 16. FORM OF BONDS. The form of the Bonds shall be
11 substantially as set forth herein, with such terms and provisions as are not
12 inconsistent with the Bond Legislation.

13
14 **[Form of Bond]**

15 **UNITED STATES OF AMERICA**

STATE OF NEW MEXICO

16 [AS PROVIDED IN THE BOND LEGISLATION REFERRED TO HEREIN, UNTIL
17 THE TERMINATION OF REGISTERED OWNERSHIP OF ALL OF THE BONDS
18 THROUGH THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK
19 (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY, "DTC"), AND
20 NOTWITHSTANDING ANY OTHER PROVISION OF THE BOND LEGISLATION TO
21 THE CONTRARY, THE PRINCIPAL AMOUNT OUTSTANDING UNDER THIS
22 BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE
23 REGISTRAR. DTC OR A TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND
24 MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE
25 PRINCIPAL AMOUNT HEREOF OUTSTANDING AND TO BE PAID. THE
26 PRINCIPAL AMOUNT OUTSTANDING AND TO BE PAID ON THIS BOND SHALL
27 FOR ALL PURPOSES BE THE AMOUNT INDICATED ON THE BOOKS OF THE
28 REGISTRAR.

29
30 UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE
31 OF DTC TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE

1 OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF
2 CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED
3 REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO.,
4 ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR
5 OTHERWISE BY OR TO ANY PERSONS IS WRONGFUL SINCE THE
6 REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

7

8 **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**
9 **SENIOR LIEN JOINT WATER AND SEWER SYSTEM**

10 **REFUNDING REVENUE BONDS**

11 **SERIES 2026**

12 **Bond No. R-_____** **\$ _____**

13 **Registered Owner: _____**

14 INTEREST RATE	MATURITY DATE	DATE OF BOND	CUSIP
15 _____% per annum	_____, 20__	_____, 20__	_____

16

17 The Albuquerque Bernalillo County Water Utility Authority (the “Water
18 Authority”), a legally and regularly created, established, organized and existing
19 municipal utility under the general laws of the State of New Mexico, for value
20 received, hereby promises to pay, solely from the special funds available for the
21 purpose as hereinafter set forth, to the registered owner or registered assigns, no
22 later than the Maturity Date stated above (unless this bond is called for prior
23 redemption, in which case on such redemption date), upon presentation and
24 surrender hereof at the principal office of the Chief Financial Officer of the Water
25 Authority as paying agent, or any successor paying agent (the “Paying Agent”), the
26 principal amount set forth above and to pay from said sources interest on the unpaid
27 principal amount at the Interest Rate stated above on January 1, 20__, and on July 1
28 and January 1 of each year (each an “Interest Payment Date”) thereafter to its
29 maturity, or until redeemed if called for redemption prior to maturity. This bond will
30 bear interest from the most recent date to which interest has been paid or provided
31 for or, if no interest has been paid or provided for, from its date. Interest on this

1 bond is payable by check mailed to the registered owner hereof (or by such other
2 arrangement as may be mutually agreed to by the Paying Agent and the registered
3 owner) as shown on the registration books for this issue maintained by the [Chief
4 Financial Officer] of the Water Authority as registrar, or any successor registrar (the
5 "Registrar") at the address appearing therein at the close of business on the 15TH
6 day (whether or not a business day) of the calendar month next preceding the
7 Interest Payment Date (the "Record Date"). Any interest which is not timely paid or
8 duly provided for shall cease to be payable to the owner hereof as of the Record
9 Date but shall be payable to the owner hereof at the close of business on a special
10 record date to be fixed by the Paying Agent for the payment of interest. The special
11 record date shall be fixed by the Paying Agent whenever moneys become available
12 for payment of the overdue interest, and notice of the special record date shall be
13 given to owner of the Bonds (defined below) as then shown on the Registrar's
14 registration books not less than ten (10) days prior to the special record date. If,
15 upon presentation at maturity or redemption, payment of this bond is not made as
16 herein provided, interest hereon shall continue at the Interest Rate stated above until
17 the principal hereof is paid in full. The principal, premium, if any, and interest on this
18 bond are payable in lawful money of the United States of America, without deduction
19 for the services of the Paying Agent or the Registrar.

20 This bond is one of a duly authorized issue of fully registered bonds of the
21 Water Authority in the principal amount of \$[___], issued in denominations of \$5,000
22 or integral multiples thereof, designated as Albuquerque Bernalillo County Water
23 Utility Authority Senior Lien Joint Water and Sewer System Refunding Revenue
24 Bonds, Series 2026 (the "Bonds"), issued under and pursuant to Resolution No. R-
25 26-__ adopted May __, 2026, and the Sale Certificate dated __, 2026 (collectively,
26 the "Bond Legislation").

27 The Bonds are subject to prior redemption as more particularly described
28 below:

29 Optional Redemption. Bonds maturing on and after July 1, __ are subject to
30 redemption on any date, in whole or in part, at the option of the Water Authority,
31 prior to their respective maturities on or after July 1, ___ at a price equal to 100% of

1 the principal amount of the Bonds redeemed, plus accrued interest to the date of
2 redemption.

3 Notice of redemption of this bond, or any portion of this bond, will be given by
4 providing at least thirty (30) days prior written notice by Electronic Means or by first-
5 class mail, postage prepaid, to the owner hereof at the address shown on the
6 registration book as of the fifth day prior to the mailing of notice as provided in the
7 Bond Legislation. Notice of redemption will specify the amount being redeemed,
8 and shall further state that on such redemption date there will become and be due
9 and payable upon each Bond to be redeemed at the office of the Paying Agent the
10 principal amount thereof plus accrued interest to the redemption date and the
11 stipulated premium, if any, and that from and after such date, the redemption
12 amount having been deposited and notice having been given, interest will cease to
13 accrue.

14 Books for the registration and transfer of the Bonds shall be kept by the
15 Registrar. Upon the surrender for transfer or exchange of this bond at the principal
16 office of the Registrar, duly endorsed or accompanied by an assignment duly
17 executed by the registered owner or his attorney duly authorized in writing, the
18 Registrar shall authenticate and deliver, not more than three (3) business days after
19 receipt of the Bond or Bonds to be transferred, in the name of the transferee or
20 owner a new Bond or Bonds in fully registered form of the same aggregate principal
21 amount, maturity and interest rate. Exchanges and transfers of the Bonds shall be
22 without charge to the owner or any transferee, but the Registrar may require the
23 payment by the owner of any Bonds of any tax or other similar governmental charge
24 required to be paid with respect to such exchange or transfer. The Registrar shall
25 not be required (i) to transfer or exchange any Bond during the period of five (5)
26 days next preceding the mailing of notice calling any Bond for redemption, or (ii) to
27 transfer or exchange any Bond or part thereof called for redemption. The Registrar
28 will close books for change of registered owners' addresses on each Record Date;
29 transfers will be permitted within the period from each Record Date to each interest
30 payment date, but such transfers shall not include a transfer of accrued interest
31 payable.

1 The person in whose name any Bond is registered on the registration books
2 kept by the Registrar shall be deemed and regarded as the absolute owner thereof
3 for the purpose of making payment thereof and for all other purposes except as may
4 otherwise be provided with respect to payment of overdue interest in the Bond
5 Legislation; and payment of or on account of either principal or interest on any Bond
6 shall be made only to or upon the written order of the registered owner thereof or his
7 legal representative. All such payments shall be valid and effectual to discharge the
8 liability upon such Bond to the extent of the sum or sums so paid.

9 If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar will,
10 upon receipt of such Bond, if mutilated, and such evidence, information or indemnity
11 relating thereto as the Registrar may reasonably require, if lost, stolen or destroyed,
12 authenticate and deliver a replacement Bond or Bonds of a like aggregate principal
13 amount and of the same maturity and interest rate, bearing a number or numbers
14 not contemporaneously outstanding. If such lost, stolen, destroyed or mutilated
15 Bond shall have matured or have been called for redemption, the Registrar may
16 direct the Paying Agent to pay such Bond in lieu of replacement.

17 This bond does not constitute an indebtedness of the Water Authority within
18 the meaning of any constitutional or statutory provision or limitation, shall not be
19 considered or held to be a general obligation of the Water Authority, and is payable
20 and collectible solely from a senior lien (but not an exclusive senior lien) on the Net
21 Revenues (as defined in the Bond Legislation), and the bondholders may not look to
22 any general or other Water Authority fund other than those described above for the
23 payment of the interest and principal of this bond. Additional bonds may be issued
24 and made payable from the Net Revenues upon satisfaction of the conditions set
25 forth in the Bond Legislation, having a lien thereon either on a parity with or junior to
26 the lien of the Bonds on the Net Revenues.

27 The Bonds are issued to provide funds for (i) refunding, redeeming and
28 defeasing certain outstanding obligations of the Water Authority and (ii) the payment
29 of Expenses relating to the issuance of the Bonds.

1 The Water Authority covenants and agrees with the owner of this bond and
2 with each and every person who may become the owner hereof that it will keep and
3 perform all of the covenants of the Bond Legislation.

4 This bond is subject to the condition, and every owner hereof by accepting
5 the same agrees with the obligor and every subsequent owner hereof, that the
6 principal of and interest on this bond shall be paid, and this bond is transferable, free
7 from and without regard to any equities, set-offs or crossclaims between the obligor
8 and the original or any other owner hereof.

9 It is hereby certified that all acts and conditions necessary to be done or
10 performed by the Water Authority or to have happened precedent to and in the
11 issuance of the Bonds to make them legal, valid and binding special obligations of
12 the Water Authority, have been performed and have happened as required by law,
13 and that the Bonds do not exceed or violate any constitutional or statutory limitation
14 of or pertaining to the Water Authority.

15 This bond shall not be valid or obligatory for any purpose until the
16 Authenticating Agent shall have manually signed the Certificate of Authentication of
17 this bond.

18 **IN WITNESS WHEREOF**, the Water Authority has caused this bond to be
19 signed and executed on the Water Authority's behalf with the manual or facsimile
20 signature of the Chair of the Board and to be countersigned with the manual or
21 facsimile signature of the Secretary, all as of the Date of Bond.

22 **ALBUQUERQUE BERNALILLO COUNTY**
23 **WATER UTILITY AUTHORITY**

24
25 **By:** _____

26 **Chair**

27
28 **ATTEST:**

29 **By:** _____

30 **Secretary**

31

1 **[FORM OF CERTIFICATE OF AUTHENTICATION]**

2
3 This is one of the Bonds described in the Bond Legislation, and this bond has
4 been registered on the registration books kept by the undersigned as Registrar for
5 the Bonds.

6 **[CHIEF FINANCIAL OFFICER]**
7 **ALBUQUERQUE BERNALILLO COUNTY**
8 **WATER UTILITY AUTHORITY,**
9 **AS REGISTRAR**

10
11 **Dated:** _____ **By:** _____

12 **Authorized Signature**

13
14 **[FORM OF ASSIGNMENT]**

15
16 FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers
17 unto

18 _____
19 (Social Security or Federal Taxpayer Identification Number)

20
21 _____
22 (Please print or typewrite Name and Address, including Zip Code, of Assignee)

23
24 the within bond and all rights thereunder, and hereby irrevocably constitutes and
25 appoints the Registrar under the Bond Legislation as Attorney to register the transfer
26 of the within bond on the books kept for registration thereof, with full power of
27 substitution in the premises.

28 **Dated:** _____

29 **NOTICE:** The signature of the
30 registered owner to this assignment
31 must correspond with the name as it

1 appears on the face of the within
2 bond in every particular, without
3 alteration or enlargement or any
4 change whatsoever.

5 Signature guaranteed by:
6 _____

7 NOTICE: Signature guarantee
8 should be made by a guarantor
9 institution participating in the
10 Securities Transfer Agents Medallion
11 Program or in such other guarantee
12 program acceptable to the Registrar.

13 **[END OF FORM OF BOND]**

14 Section 17. PERIOD OF REFUNDED PROJECTS' USEFULNESS. The
15 remaining useful life of the projects financed with the proceeds of the Refunded
16 Obligations exceeds the final maturity date of the Bonds.

17 Section 18. USE OF PROCEEDS; The Board, having been informed of and
18 having considered all pertinent facts and circumstances, does hereby find and
19 determine and declare that proceeds from the sale of the Bonds shall be
20 appropriated and deposited as follows:

21 (a) Proceeds of the Bonds in an amount set forth in the Sale
22 Certificate will be used to pay Expenses at the time of initial delivery of the Bonds or
23 will be deposited into the Expense Account or such other account as may be
24 established to pay Expenses associated with the Bonds, with any amounts not
25 expended within ninety (90) days to be deposited into the Series 2026 Bonds Debt
26 Service Account.

27 (b) Proceeds of the Bonds designated in the Sale Certificate for the
28 payment of interest will be deposited into the Series 2026 Bonds Debt Service
29 Account.

30 (c) Proceeds of the Bonds in an amount set forth in the Sale
31 Certificate will be deposited to the Escrow Fund and shall be applied to the

1 Refunding Project as further set forth in the Sale Certificate and the Escrow
2 Agreement. Any amounts remaining in the Escrow Fund after the completion of the
3 Refunding Project shall be transferred by the Escrow Agent to the Water Authority
4 for deposit to the Series 2026 Bonds Debt Service Account and used by the Water
5 Authority for the payment of the principal of or interest next coming due on the
6 Bonds.

7 (d) Proceeds of the Bonds in an amount set forth in the Sale
8 Certificate shall be used to pay and is appropriated for the payment of Underwriters'
9 discount, if any.

10 The Executive Director of the Water Authority and/or the Chief Financial
11 Officer of the Water Authority are hereby authorized to make any necessary
12 adjustments in the amounts to be deposited in the funds and accounts described in
13 this Section on the date of delivery of the Bonds.

14 Section 19. APPROVAL OF DOCUMENTS AND USE OF DISCLOSURE
15 DOCUMENTS.

16 (A) APPROVAL OF DOCUMENTS. The Chair or other Authorized
17 Officer is authorized to execute, and the Board Secretary is authorized and directed
18 to attest, as applicable, the Issuer Documents in substantially the forms presented or
19 described to the Board with this Bond Resolution, with such changes as are not
20 inconsistent with the terms of the Bond Legislation and as are approved by the Chair
21 or other Authorized Officer, the execution or acceptance of delivery thereof to
22 constitute conclusive evidence of the approval of any and all changes or revisions
23 from the form of any document now or hereafter before the Board. Any changes in
24 any such documents inconsistent with the terms of the Bond Legislation shall be
25 approved by the Board by subsequent ordinance or resolution of the Board. The
26 officers, agents and employees of the Water Authority are authorized, empowered
27 and directed to do all such acts and things and to execute all such documents as
28 may be necessary to carry out and comply with the provisions of the Issuer
29 Documents.

30 (B) DISCLOSURE DOCUMENT. The use and distribution of any
31 Preliminary Official Statement and the Official Statement (with terms which are not

1 inconsistent with the Bond Legislation) by the Underwriters in connection with the
2 sale and issuance of the Bonds are hereby authorized and ratified.

3 (C) FURTHER ACTS. The officers, agents and employees of the
4 Water Authority are hereby authorized and empowered to do all acts and things and
5 to execute all documents, including separate agreements with the Paying Agent and
6 Registrar, if necessary, to carry out and comply with the provisions of the Bond
7 Legislation and the related documents.

8 Section 20. FUNDS AND ACCOUNTS.

9 (A) JOINT WATER AND SEWER FUND. The Water Authority shall
10 continue the Joint Water and Sewer Fund as a separate, distinct and segregated
11 fund. As long as the Bonds are outstanding, all Gross Revenues shall continue to be
12 set aside and credited to the Joint Water and Sewer Fund.

13 (B) DEBT SERVICE FUND AND ACCOUNTS. The Water Authority
14 shall continue the Debt Service Fund as a separate, distinct and segregated fund for
15 the deposit of Net Revenues for the payment of System Obligations. The Water
16 Authority shall continue the Expense Account as part of the Debt Service Fund.
17 Money on deposit or credited to the Expense Account shall be used for the purpose
18 of payment of Expenses. The Water Authority shall establish the Series 2026 Bonds
19 Debt Service Account as a separate account of the Debt Service Fund.

20 (C) RATE STABILIZATION FUND. The Water Authority shall
21 continue the Rate Stabilization Fund as a separate, distinct and segregated fund for
22 the purposes described in Section 21(E).

23 (D) ESCROW FUND. The Water Authority hereby creates an
24 escrow fund with subaccounts for each of the Refunded Obligations for the
25 refunding, redemption and defeasance of the Refunded Obligations to be
26 administered and maintained by the Escrow Agent pursuant to the Escrow
27 Agreement or as may otherwise be set forth in the Sale Certificate.

28 (E) OTHER FUNDS. The Water Authority may create any
29 additional funds as may be necessary in connection with financing of the Refunding
30 Project and the issuance of the Bonds with any such additional funds being set forth
31 in the Sale Certificate.

1 Section 21. ADMINISTRATION OF JOINT WATER AND SEWER FUND.

2 (A) USE OF GROSS REVENUES. As long as any Bonds are
3 outstanding, all Gross Revenues shall continue to be deposited in the Joint Water
4 and Sewer Fund and transferred from that fund to the following funds and accounts
5 or for payment of the following amounts in the order listed:

6 (1) Operation and Maintenance Expenses. A sufficient
7 amount of Gross Revenues shall be set aside each month to be used to pay the
8 current Operation and Maintenance Expenses as they become due.

9 (2) Debt Service Accounts for Senior Obligations. Net
10 Revenues shall be transferred to the Debt Service Accounts established for Senior
11 Obligations to pay Debt Service Requirements on Senior Obligations, as they
12 become due, including amounts owed to any Credit Source to reimburse that Credit
13 Source for the payments of Debt Service Requirements on Senior Obligations.

14 (3) Reserve Accounts for Senior Obligations. Net Revenues
15 shall be transferred to a Reserve Account, if any, to the extent that amounts on
16 deposit in that Reserve Account are less than the amount (including coverage
17 available under any applicable Reserve Account Surety Bond) required to be on
18 deposit therein. The Net Revenues deposited shall be used first to reimburse the
19 Credit Source for the proceeds of a Reserve Account Surety Bond used to pay Debt
20 Service Requirements, second to replace money drawn from the Reserve Account
21 and third to pay the Credit Source interest accrued and owed on amounts advanced
22 pursuant to the Reserve Account Surety Bond.

23 (4) Debt Service Accounts For Subordinate Obligations. Net
24 Revenues shall be transferred to the Debt Service Accounts established for
25 Subordinate Obligations to pay Debt Service Requirements on Subordinate
26 Obligations, as they become due, including amounts owed to any Credit Source to
27 reimburse that Credit Source for the payments of Debt Service Requirements on
28 Subordinate Obligations.

29 (5) Reserve Accounts for Subordinate Obligations. Net
30 Revenues shall be transferred to a Reserve Account, if any, to the extent that
31 amounts on deposit in that Reserve Account are less than the amount (including

1 coverage available under any applicable Reserve Account Surety Bond) required to
2 be on deposit therein. The Net Revenues deposited shall be used first to reimburse
3 the Credit Source for the proceeds of a Reserve Account Surety Bond used to pay
4 Debt Service Requirements, second to replace money drawn from the Reserve
5 Account and third to pay to the Credit Source interest accrued and owed on amounts
6 advanced pursuant to the Reserve Account Surety Bond.

7 (6) Super Subordinate Obligations. Net Revenues shall be
8 used to pay Debt Service Requirements on Super Subordinate Obligations, and to
9 fund any Reserve Requirement for Super Subordinate Obligations.

10 (7) Rate Stabilization Fund. At the option of the Water
11 Authority, Net Revenues may be transferred to the Rate Stabilization Fund to be
12 used for the purposes stated in Section 21(E).

13 (8) Surplus Net Revenues. Surplus Net Revenues shall be
14 retained in the Joint Water and Sewer Fund or used for any other lawful System
15 purpose including, but not limited to, redeeming or purchasing System Obligations or
16 paying costs and expenses of the Water Authority relating to the administration of
17 System Obligations.

18 (9) Accumulation of Revenues. Net Revenues need not be
19 retained for any use or in any fund or account described in Section 21(A) in excess
20 of the Net Revenues required for any current use or deposit. For the purposes of
21 this subparagraph, the term "current" shall mean the month during which the Net
22 Revenues are being distributed and the immediately following month.

23 (B) SERIES 2026 BONDS DEBT SERVICE ACCOUNT. Net
24 Revenues shall be transferred to the Series 2026 Bonds Debt Service Account
25 sufficient to pay when due the Debt Service Requirements on the Bonds.

26 (1) Except as stated in this Section 21(B)(1) and in Section
27 21(D), substantially equal monthly deposits of Net Revenues shall be made to the
28 Series 2026 Bonds Debt Service Account beginning six (6) months before each
29 Interest Payment Date in order to make the next payment of interest on the Bonds
30 when due. However, if the first Interest Payment Date for the Bonds is less than six
31 (6) months after the date of the original issuance of the Bonds, substantially equal

1 monthly deposits of Net Revenues before the first Interest Payment Date shall begin
2 in the first full month following the date of issuance of the Bonds in order to make the
3 first payment of interest on the Bonds when due.

4 (2) Except as stated in this Section 21(B)(2) and in Section
5 21(D), substantially equal monthly deposits of Net Revenues shall be made to the
6 Series 2026 Bonds Debt Service Account beginning twelve (12) months before each
7 Principal Payment Date for the Bonds payable from such account in order to make
8 the next scheduled payment of principal on the Bonds when due at maturity.
9 However, if the first principal payment date for the Bonds is less than thirteen (13)
10 months after the date of the original issuance of the Bonds, substantially equal
11 monthly deposits of Net Revenues before the first principal payment date shall begin
12 in the first full month following the date of issuance of the Bonds in order to make the
13 first payment of principal on the Bonds when due at maturity.

14 If in the month immediately preceding any payment date for the Bonds, the
15 Water Authority determines that there are not sufficient funds accumulated in the
16 Series 2026 Bonds Debt Service Account to pay the amount becoming due on that
17 payment date, the Water Authority shall promptly deposit any available Net
18 Revenues in the Series 2026 Bonds Debt Service Account in an amount equal to the
19 deficiency. If, prior to any payment date for the Bonds, there has accumulated in the
20 Series 2026 Bonds Debt Service Account the entire amount necessary to pay the
21 amount becoming due on the Bonds payable from such account on that payment
22 date, no additional Net Revenues need be deposited in the Series 2026 Bonds Debt
23 Service Account prior to that payment date. In making the determinations permitted
24 by this paragraph, the Water Authority may take into account the amount on deposit
25 in any other fund or account or escrow relating to the Bonds irrevocably set aside for
26 the next payment of the Bonds.

27 Amounts on deposit in the Series 2026 Bonds Debt Service Account shall be
28 applied first to the payment of interest and then to pay or satisfy any payment of
29 principal on the respective Bonds. Except as provided in Section 21(D), money in
30 the Series 2026 Bonds Debt Service Account shall be used only to pay the Debt
31 Service Requirements on the Bonds. Transfers of amounts equal to the periodic

1 Debt Service Requirements on the Bonds shall be made by the Water Authority on a
2 timely basis to the Paying Agent.

3 (C) RESERVE ACCOUNTS FOR BONDS. At the time of initial
4 delivery of the Bonds, no Reserve Account will be established with respect to the
5 Bonds, unless the Sale Certificate provides otherwise.

6 (D) TERMINATION UPON DEPOSITS RELATING TO THE BONDS
7 TO MATURITY. No payments need be made into the Series 2026 Bonds Debt
8 Service Account if the amount in the Series 2026 Bonds Debt Service Account is not
9 less than the Debt Service Requirements due and to become due on and before the
10 final maturity date of the Bonds, both accrued and not accrued, and all proceeds
11 paid under any Credit Facility for the Bonds have been reimbursed. The money
12 retained in that account shall be used only to pay the Debt Service Requirements on
13 the Bonds when due except that any money on deposit in the Series 2026 Bonds
14 Debt Service Account which is not necessary to pay such Debt Service
15 Requirements shall be used as surplus Net Revenues in accordance with Section
16 21(A)(8) of this Bond Resolution.

17 (E) RATE STABILIZATION FUND. Money on deposit in the Rate
18 Stabilization Fund may be withdrawn at any time and used for any purpose for which
19 Gross Revenues may be used.

20 (F) PRO RATA DEPOSITS. If the amount of Net Revenues
21 available for deposit in the Debt Service Fund is not sufficient to pay the entire
22 amount required to be deposited in the Debt Service Accounts and/or Reserve
23 Accounts for System Obligations, the Net Revenues available shall be deposited in
24 the Debt Service Accounts and Reserve Accounts pro rata based upon the amount
25 required to be deposited in each account to the total Net Revenues available for
26 deposit but with the priorities established in Section 21(A).

27 With respect to each applicable series of System Obligations,
28 reimbursements owed to a Credit Source for amounts used to pay Debt Service
29 Requirements on those System Obligations shall be paid on the same pro rata basis
30 and with the same priority as are amounts to be deposited in the Debt Service
31 Account or Reserve Account, as applicable, for those System Obligations; provided

1 that such reimbursements for payments of Debt Service Requirements made
2 pursuant to a Credit Facility shall be made with the priorities established in Section
3 21(A).

4 (G) VARIABLE RATE OBLIGATIONS. In making computations
5 required by this Section, interest on Variable Rate Obligations which cannot be
6 computed exactly shall be deemed to bear the interest rate required by the definition
7 of Debt Service Requirements in the Bond Legislation. To determine the amount
8 required to be on deposit in any Debt Service Account for the payment of interest,
9 computations of the interest rate on Variable Rate Obligations shall be made
10 whenever there is a change in the interest rate on the applicable Variable Rate
11 Obligations except that the computation need not be made more often than once in
12 any month.

13 Section 22. TRANSFERS TO PAY PRINCIPAL OF, PREMIUM, IF ANY,
14 AND INTEREST ON THE BONDS; PAYMENT OF EXPENSES.

15 (A) TRANSFER TO PAYING AGENT. The Water Authority shall
16 transfer the funds set aside pursuant to Section 21 for the payments of Debt Service
17 Requirements on the Bonds to the Paying Agent on or before the date on which
18 each such payment is due.

19 (B) EXPENSES. The Water Authority or its designee shall pay, or
20 cause to be paid, all Expenses directly to the party entitled thereto.

21 Section 23. GENERAL ADMINISTRATION OF FUNDS. The funds and
22 accounts designated in Sections 20 and 21 shall be administered as follows:

23 (A) INVESTMENT OF MONEY. To the extent practicable, any
24 money in any such fund or account shall be invested in Permitted Investments.
25 Obligations purchased as an investment of money in any fund or account shall be
26 deemed at all times to be part of that fund or account, and the interest accruing and
27 any profit realized on those investments shall be credited to that fund or account,
28 unless otherwise stated in the Bond Legislation or related document (subject to
29 withdrawal at any time for the uses directed and permitted for such money by the
30 Bond Legislation and related documents), and any loss resulting from such
31 investment shall be charged to that fund or account. The custodian for any such

1 fund or account shall present for redemption or sale on the prevailing market any
2 Permitted Investment in a fund or account when necessary to provide money to
3 meet a required payment or when required to be transferred from that fund or
4 account.

5 (B) DEPOSITS OF FUNDS. The money and investments which are
6 part of the funds and accounts designated in Sections 20 and 21 shall be maintained
7 and kept in an Insured Bank or Banks, or otherwise in Permitted Investments or may
8 be held in book-entry form in the name of the Water Authority by an agent or
9 custodian of or for the Water Authority for the benefit of the Water Authority, or as
10 permitted by State law. Each payment or deposit shall be made into and credited to
11 the proper fund or account at the designated time, except that when the designated
12 time is not a Business Day, then the payment shall be made on the next succeeding
13 Business Day unless otherwise required in the Bond Legislation or related
14 documents. The Water Authority may establish one or more accounts in Insured
15 Banks or other institutions, for all of the funds and accounts or combine such funds
16 and accounts with any other Insured Bank account or accounts for other funds and
17 accounts of the Water Authority.

18 (C) VALUATION OF INVESTMENTS. In the computation of the
19 amount in any account or fund for any purpose under the Bond Legislation, except
20 as otherwise expressly provided in the Bond Legislation, Permitted Investments shall
21 be valued according to the accounting standards applicable to the Water Authority
22 and the Board's investment policy.

23 Section 24. CREDIT FACILITY.

24 (A) CREDIT FACILITY FOR PAYMENT OF THE BONDS.
25 Payments of all or any part of the principal of and interest on the Bonds may be
26 guaranteed by a Credit Source.

27 (B) CHANGES TO INSURANCE TERMS. Terms and provisions
28 with respect to any Credit Facility for the Bonds, in addition to those set forth in the
29 Bond Legislation, shall be as set forth in the Credit Facility.

30 (C) CONSENT OF CREDIT SOURCE. Any provision of the Bond
31 Legislation expressly recognizing or granting rights in or to a Credit Source may not

1 be amended in any manner which affects the rights of the Credit Source without the
2 prior written consent of that Credit Source.

3 (D) ADVERSE EFFECT ON OWNERS. In determining whether the
4 rights of the Owners will be adversely affected by any action taken pursuant to the
5 terms and provisions of the Bond Legislation, the Water Authority shall consider the
6 effect on the Owners as if there were no Bond Insurance Policy or Reserve Account
7 Surety Bond in effect.

8 (E) CREDIT FACILITY. The rights and obligations of any Credit
9 Source under any Credit Facility shall be as set forth in the Bond Legislation or the
10 Credit Facility but shall not exceed any of the limitations included in the Bond
11 Legislation. The Water Authority shall promptly notify any rating agency then rating
12 the Bonds of changes to the terms of a Credit Facility.

13 Section 25. PLEDGE OF NET REVENUES AND LIEN OF THE BONDS.
14 The Net Revenues are hereby pledged for the payment of the Bonds, the
15 reimbursement of obligations of the Water Authority for the proceeds of any Credit
16 Facility used to pay Debt Service Requirements on the Bonds and for the other
17 payment obligations of the Water Authority set forth in the Bond Legislation, and
18 such payments and obligations of the Water Authority shall continue to have an
19 irrevocable senior lien (but not an exclusive senior lien) upon the Net Revenues, on
20 a parity with the Outstanding Senior Obligations and senior to the Subordinate
21 Obligations and the Super Subordinate Obligations until paid. Net Revenues shall
22 be applied to the payment of such payments and obligations with the priorities set
23 forth in Section 21(A).

24 Section 26. ESTABLISHMENT OF PRIORITIES OF THE BONDS. Except
25 as set forth in the Bond Legislation, the Bonds from time to time Outstanding shall
26 not be entitled to any priority one over the other in the application of the Net
27 Revenues, regardless of the time or times of their issuance.

28 Section 27. ADDITIONAL SYSTEM OBLIGATIONS.

29 (A) LIMITATIONS UPON ISSUANCE OF SYSTEM OBLIGATIONS.

1 Subject to the limitations of this Section and Section 28, nothing in this Bond
2 Resolution shall be construed to prevent the issuance by the Water Authority of
3 additional System Obligations.

4 (B) ADDITIONAL SENIOR OBLIGATIONS. The tests required in
5 this Section 27(B) shall be performed without adjustment for payments to or
6 withdrawals from the Rate Stabilization Fund or interest accrued in an acquisition
7 account for any Outstanding System Obligations. Except as permitted by Section
8 28, prior to the issuance of additional Senior Obligations, the Water Authority shall
9 be current in making all deposits required by Section 21 and the following test shall
10 be satisfied:

11 (1) The Net Revenues for the Historic Test Period shall have
12 been sufficient to pay an amount representing at least 133% of the maximum
13 combined annual Debt Service Requirements of only the Outstanding Senior
14 Obligations and the terms of either subparagraph 2(a) or 2(b) of this Section 27(B)
15 shall be satisfied.

16 (2) (a) Using the fees and rates for use of the System on
17 the date of computation, or assuming that any new schedule of fees and rates
18 approved by the Water Authority during or after the Historic Test Period was in effect
19 during the entire Historic Test Period, the Net Revenues which were or would have
20 been received during that Historic Test Period shall have been sufficient to pay an
21 amount representing at least 133% of the maximum combined annual Debt Service
22 Requirements on the Outstanding Senior Obligations and the Senior Obligations
23 proposed to be issued; or

24 (b) The projected Net Revenues for the Prospective
25 Test Period shall be sufficient to pay an amount representing at least 133% of the
26 maximum combined annual Debt Service Requirements on the Outstanding Senior
27 Obligations and the Senior Obligations proposed to be issued. To determine if the
28 annual Net Revenues are sufficient for the purposes of the preceding sentence, the
29 Net Revenues projected for the applicable Prospective Test Period shall be
30 determined by applying the rates for use of the System approved by the Board at the
31 time of computation to be in effect during the Prospective Test Period to the

1 proposed number of connections to the System after giving effect to the purchase,
2 expansion or improvement of the System or the acquisition of an existing water and
3 sanitary sewer system.

4 (C) ADDITIONAL SUBORDINATE OBLIGATIONS. The tests
5 required in this Section 27(C) shall be performed without adjustment for payments to
6 or withdrawals from the Rate Stabilization Fund or interest accrued in an acquisition
7 account for Outstanding System Obligations. Except as permitted by Section 28,
8 prior to the issuance of additional Subordinate Obligations, the Water Authority (i)
9 shall be current in making all deposits required by Section 21, and (ii) shall satisfy
10 the following test:

11 (1) The Net Revenues for the Historic Test Period shall have
12 been sufficient to pay an amount representing at least 120% of the maximum
13 combined annual Debt Service Requirements of only the Outstanding Senior
14 Obligations and the Outstanding Subordinate Obligations and the terms of either
15 subparagraph 2(a) or 2(b) of this Section 27(C) shall be satisfied.

16 (2) (a) Using the fees and rates for use of the System on
17 the date of computation, or assuming that any new schedule of fees and rates
18 approved by the Water Authority during or after the Historic Test Period was in effect
19 during the entire Historic Test Period, the Net Revenues which were or would have
20 been received during that Historic Test Period shall have been sufficient to pay an
21 amount representing at least 120% of the maximum combined annual Debt Service
22 Requirements on the Outstanding Senior Obligations and the Outstanding
23 Subordinate Obligations and the Subordinate Obligations proposed to be issued; or

24 (b) The projected Net Revenues for the Prospective
25 Test Period shall be sufficient to pay an amount representing at least 120% of the
26 maximum combined annual Debt Service Requirements on the Outstanding Senior
27 Obligations and the Outstanding Subordinate Obligations and the Subordinate
28 Obligations proposed to be issued. To determine if the annual Net Revenues are
29 sufficient for the purposes of the preceding sentence, the Net Revenues projected
30 for the applicable Prospective Test Period shall be determined by applying the rates
31 for use of the System approved by the Board at the time of computation to be in

1 effect during the Prospective Test Period to the proposed number of connections to
2 the System after giving effect to the purchase, expansion or improvement of the
3 System or the acquisition of an existing water and sanitary sewer system.

4 (D) CERTIFICATES. In determining whether additional Senior
5 Obligations may be issued pursuant to Section 27(B) or additional Subordinate
6 Obligations may be issued pursuant to Section 27(C), a written certificate or opinion
7 of an Independent Accountant or an Authorized Officer that states in substance that
8 the Net Revenues are sufficient to pay the amounts required shall be conclusively
9 presumed to be accurate in determining the right of the Water Authority to authorize,
10 issue, sell and deliver such additional Senior Obligations or additional Subordinate
11 Obligations, respectively. Also, an opinion of a Consulting Engineer as to the
12 estimated Completion Date of the project to be financed by the proposed System
13 Obligations and the estimated Net Revenues for the Prospective Test Period
14 referred to in Section 27(B)(2)(b) and Section 27(C)(2)(b) shall be conclusively
15 presumed to be accurate, and the Independent Accountant or Authorized Officer, as
16 the case may be, may conclusively rely upon the written opinion of the Consulting
17 Engineer in making the determinations required by Section 27(B)(2)(b) and Section
18 27(C)(2)(b)

19 (E) SUPER SUBORDINATE OBLIGATIONS PERMITTED. No
20 provision of the Bond Legislation shall be construed to prevent the Water Authority
21 from issuing additional Super Subordinate Obligations with a lien on Net Revenues
22 subordinate to the lien of the Subordinate Obligations and the Senior Obligations.

23 (F) VARIABLE RATE OBLIGATIONS. In making the computations
24 required by this Section to determine if additional System Obligations may be
25 issued, Variable Rate Obligations shall be deemed to bear a rate of interest as
26 required in the definition of Debt Service Requirements.

27 (G) SUPERIOR OBLIGATIONS PROHIBITED. As long as Senior
28 Obligations are outstanding, the Water Authority shall not issue additional System
29 Obligations having a lien on the Net Revenues prior and superior to the lien of the
30 Senior Obligations on Net Revenues.

31 Section 28. REFUNDING OBLIGATIONS. The provisions of Section 27 of

1 this Bond Resolution are subject to the following exceptions:

2 (A) PRIVILEGE OF ISSUING REFUNDING OBLIGATIONS. If at
3 any time while System Obligations remain Outstanding, the Water Authority desires
4 to refund any Outstanding System Obligations or other obligations payable from Net
5 Revenues, those System Obligations or other obligations, or any part thereof, may
6 be refunded regardless of whether the priority of the lien for the payment of the
7 refunding System Obligations on the Net Revenues is changed (except as provided
8 in paragraphs B and C of this Section).

9 (B) LIMITATIONS UPON ISSUANCE OF REFUNDING SENIOR
10 OBLIGATIONS. No senior refunding bonds or other senior refunding obligations
11 shall be issued as Senior Obligations unless:

12 (1) The refunding does not increase the maximum combined
13 annual Debt Service Requirements of the Senior Obligations, or

14 (2) The refunding Senior Obligations are issued in
15 compliance with Section 27(B).

16 (C) LIMITATIONS UPON ISSUANCE OF REFUNDING
17 SUBORDINATE OBLIGATIONS. No subordinate refunding bonds or other
18 subordinate refunding obligations shall be issued as Subordinate Obligations unless:

19 (1) The refunding does not increase the maximum combined
20 annual Debt Service Requirements of the Subordinate Obligations, or

21 (2) The refunding Subordinate Obligations are issued in
22 compliance with Section 27(C).

23 (D) LIMITATIONS UPON ISSUANCE OF ANY REFUNDING
24 SYSTEM OBLIGATIONS. Any refunding System Obligations shall be issued with
25 such details as the Board may provide by appropriate proceedings but without
26 impairment of any contractual obligation imposed upon the Water Authority by any
27 proceedings authorizing the issuance of any unrefunded portion of the series of
28 System Obligations to which the refunding was applicable.

29 Section 29. PROTECTIVE COVENANTS. The Water Authority hereby
30 covenants and agrees with the Owners:

31 (A) USE OF THE BOND PROCEEDS. The Water Authority will

1 promptly apply the proceeds of the Bonds to the Refunding Project and for the other
2 purposes permitted by this Bond Resolution.

3 (B) PAYMENT OF THE BONDS. The Water Authority will promptly
4 pay the Debt Service Requirements on the Bonds at the place, on the dates and in
5 the manner specified in the Bond Legislation and the Bonds.

6 (C) RATE COVENANTS.

7 (1) Rate Covenant for Senior Obligations. The Water
8 Authority will charge all purchasers of services of the System, including the Water
9 Authority, the City and the County, such reasonable and just rates as are sufficient
10 to produce Net Revenues annually to pay 133% of the annual Debt Service
11 Requirements on the Outstanding Senior Obligations (excluding accumulation of any
12 reserves therefor).

13 (2) Rate Covenant for Subordinate Obligations. The Water
14 Authority will charge all purchasers of services of the System, including the Water
15 Authority, the City and the County, such reasonable and just rates as are sufficient
16 to produce Net Revenues annually to pay 120% of the annual Debt Service
17 Requirements on the Outstanding Senior Obligations and the Outstanding
18 Subordinate Obligations (excluding accumulation of any reserves therefor).

19 (3) Quarterly, the Water Authority shall determine that the
20 Net Revenues are sufficient to satisfy the Rate Covenants. If the Net Revenues are
21 not sufficient to satisfy the Rate Covenant upon the approval of the annual audit for
22 a Fiscal Year, the Water Authority will either: (i) promptly increase the rates for use
23 of the services of the System in order to generate sufficient Net Revenues to satisfy
24 the Rate Covenants or (ii) employ a consultant or manager for the System who shall
25 have a favorable national reputation for skill and experience in the management,
26 operation and financial affairs of water and sanitary sewer systems and who is not
27 an employee or officer of the Water Authority. The Water Authority will request that
28 consultant or manager to make its recommendations, if any, as to revisions of the
29 Water Authority's rate structure and other charges for use of the System, its
30 Operation and Maintenance Expenses and the method of operation of the System in
31 order to satisfy the Rate Covenants as soon as practicable. Copies of any such

1 requests and recommendations of the consultant or manager shall be filed with the
2 Board. So long as the Water Authority substantially complies with the
3 recommendations of the consultant or manager on a timely basis, the Water
4 Authority will not be deemed to have defaulted in satisfying the Rate Covenants
5 even if the resulting Net Revenues are not sufficient to be in compliance with the
6 Rate Covenants, if there is no other default under the Bond Legislation.

7 (4) No free service, facilities or commodities shall be
8 furnished by the System. If the Water Authority, the City or the County elects to use
9 water supplied by, or the sanitary sewer facilities of, the System or in any other
10 manner use the System, such use of the System by such entity shall be paid from
11 lawfully available money of such entity at the reasonable value of the use made,
12 service rendered or facility or commodity supplied as is charged to other similar
13 users of the System.

14 (5) Nothing contained in this Section 29(C) shall be
15 interpreted to require the Water Authority to take any action in violation of any
16 applicable requirement imposed by law.

17 (D) LIEN ON LANDS SERVICED BY SYSTEM. To the extent
18 permitted by law, the Water Authority will cause a lien to be perfected upon each lot
19 or parcel of land for delinquent charges imposed for water and sanitary sewer
20 services supplied by the System to the owner of such lot or parcel. The Water
21 Authority will take all necessary steps to enforce the lien against any parcel of
22 property the owner of which is delinquent for more than six (6) months in the
23 payment of charges imposed by the Water Authority.

24 (E) LEVY OF CHARGES. The Water Authority will promptly fix,
25 establish and levy the rates and charges which are required by Section 29(C). No
26 reduction in any initial or existing rate schedule for the System may be made unless:

27 (1) the Water Authority has fully complied with the provisions
28 of Section 21 of this Bond Resolution for any twelve (12) consecutive months out of
29 the sixteen (16) calendar months immediately preceding the reduction of the rate
30 schedule, and

31 (2) the audit required by Section 29(I) or a separate

1 certificate by an Independent Accountant for or relating to any twelve (12)
2 consecutive months out of the sixteen (16) calendar months immediately preceding
3 any reduction discloses that the estimated Net Revenues resulting from the
4 proposed reduced rate schedule would have been sufficient to meet the applicable
5 Rate Covenant during the applicable 12-month period.

6 (F) EFFICIENT OPERATION. The Water Authority will maintain the
7 System in efficient operating condition and make such improvements, extensions,
8 enlargements, repairs and betterments to the System as may be necessary or
9 advisable for its economical and efficient operation at all times and to supply
10 reasonable public and private demands for System services within the area served
11 by the Water Authority.

12 (G) RECORDS. So long as the Bonds remain Outstanding, the
13 Water Authority will keep, or cause to be kept, proper books of record and account,
14 separate from all other records and accounts, showing complete and correct entries
15 of all transactions relating to the System.

16 (H) RIGHT TO INSPECT. Owners, or their duly authorized agents,
17 shall have the right to inspect at all reasonable times all records, accounts and data
18 relating to the System; however, pursuant to Section 6-14-10(E) NMSA 1978,
19 records with regard to the ownership or pledge of the Bonds are not subject to
20 inspection or copying.

21 (I) AUDITS. So long as the Bonds are Outstanding, within nine (9)
22 months following the close of each Fiscal Year, the Water Authority will cause an
23 audit of the books and accounts of the System to be made by an Independent
24 Accountant. Each audit of the System shall include those matters determined to be
25 proper by the Independent Accountant.

26 (J) BILLING PROCEDURE. Bills for water, water services or
27 facilities, sanitary sewer service or facilities, or any combination thereof, furnished by
28 or through the System shall be provided to customers on a regular basis each month
29 following the month in which the service was rendered and shall be due as required
30 by Water Authority ordinance. If permitted by law, if a bill is not paid within the
31 period of time required by Water Authority ordinance, water and sanitary sewer

1 services shall be discontinued as required by Water Authority ordinance, and the
2 rates and charges due shall be collected in a lawful manner, including but not limited
3 to the cost of disconnection and reconnection.

4 (K) CHARGES AND LIENS UPON SYSTEM. The Water Authority
5 will pay when due from Gross Revenues or other legally available funds all taxes
6 and assessments or other municipal or governmental charges, lawfully levied or
7 assessed upon the System and will observe and comply with all valid requirements
8 of any municipal or governmental authority relating to the System. The Water
9 Authority will not create or permit any lien or charge upon the System or the Gross
10 Revenues or Net Revenues except as permitted by this Bond Resolution, or it will
11 make adequate provisions to satisfy and discharge within sixty (60) days after the
12 same accrue, all lawful claims and demands for labor, materials, supplies or other
13 objects, which, if unpaid, might by law become a lien upon the System, the Gross
14 Revenues or the Net Revenues. However, the Water Authority shall not be required
15 to pay or cause to be discharged, or make provision for any tax assessment, lien or
16 charge before the time when payment becomes due or so long as the validity thereof
17 is contested in good faith by appropriate legal proceedings and there is no adverse
18 effect on Owners.

19 (L) INSURANCE. In its operation of the System, the Water
20 Authority will carry fire and extended coverage insurance. As required by law, the
21 Water Authority will acquire insurance or maintain a self-insurance fund to cover
22 workmen's compensation insurance and public liability insurance. In the event of
23 property loss or damage to the System, insurance proceeds shall be used first for
24 the purpose of restoring or replacing the property lost or damaged and any
25 remainder shall be treated as Gross Revenues.

26 (M) ALIENATING SYSTEM. Except as permitted in this Bond
27 Resolution, while any Bonds are Outstanding, the Water Authority will not sell, lease,
28 mortgage, pledge or otherwise encumber, or in any manner dispose of, or otherwise
29 alienate, any part of the System, except that the Water Authority may sell any
30 portion of the property of the System which is replaced by other property of at least
31 equal value, or which ceases to be necessary for the efficient operation of the

1 System. In the event of any sale of System property, the proceeds of such sale
2 which are not used to purchase other System property shall be distributed as Gross
3 Revenues.

4 (N) EXTENDING INTEREST PAYMENTS. To prevent any
5 accumulation of claims for interest after maturity, except as permitted by the Bond
6 Legislation, the Water Authority will not directly or indirectly extend or assent to the
7 extension of the time for the payment of any claim for interest on the Bonds. If the
8 time for payment of interest is extended contrary to the provisions of this Section, the
9 installments of interest extended shall not be entitled, in case of an event of default
10 under the Bond Legislation, to the benefit or security of the Bond Legislation until the
11 prior payment in full of the principal of and interest on all other Bonds then
12 Outstanding.

13 (O) COMPETENT MANAGEMENT. The Water Authority shall
14 employ experienced and competent personnel to manage the System.

15 (P) PERFORMING DUTIES. The Water Authority will faithfully and
16 punctually perform all duties with respect to the System required by State, City and
17 County laws including, but not limited to, making and collecting reasonable and
18 sufficient rates and charges for services rendered or furnished by the System as
19 required by this Section and the proper segregation and application of the Gross
20 Revenues.

21 (Q) OTHER LIENS. Other than as stated in or provided by the
22 Bond Legislation, there are no liens or encumbrances of any nature whatsoever on
23 or against the System or Gross Revenues or Net Revenues.

24 (R) WATER AUTHORITY'S EXISTENCE. The Water Authority will
25 maintain its corporate identity, existence, and Board governance structure and
26 determination of Board members as long as the Bonds remain outstanding.

27 (S) COVENANTS REGARDING TAX EXEMPTION OF INTEREST
28 ON THE BONDS. The Bonds may be issued as federally tax-exempt or on a
29 taxable basis as determined and further set forth in the Sale Certificate. If Bonds are
30 issued as federally tax-exempt bonds, the following covenants shall apply to such
31 Bonds.

1 (1) Tax Covenants. The Water Authority covenants to take
2 any action necessary to assure, or refrain from any action which would adversely
3 affect, the treatment of the Bonds as obligations described in section 103 of the
4 Internal Revenue Code of 1986, as amended (the “Code”), the interest on which is
5 not includable in the “gross income” of the holder for purposes of federal income
6 taxation. In furtherance thereof, the Water Authority covenants as follows:

7 (a) to take any action to assure that no more than 10
8 percent (10%) of the proceeds of the Bonds or the projects financed or refinanced
9 therewith (less amounts deposited to a reserve fund, if any) are used for any “private
10 business use,” as defined in section 141(b)(6) of the Code or, if more than 10
11 percent (10%) of the proceeds or the projects financed or refinanced therewith are
12 so used, such amounts, whether or not received by the Water Authority, with respect
13 to such private business use, do not, under the terms of this Resolution or any
14 underlying arrangement, directly or indirectly, secure or provide for the payment of
15 more than 10 percent (10%) of the debt service on the Bonds, in contravention of
16 section 141(b)(2) of the Code;

17 (b) to take any action to assure that in the event that
18 the “private business use” described in subsection (1) hereof exceeds 5 percent
19 (5%) of the proceeds of the Bonds or the projects financed or refinanced therewith
20 (less amounts deposited into a reserve fund, if any) then the amount in excess of 5
21 percent (5%) is used for a “private business use” which is “related” and not
22 “disproportionate,” within the meaning of section 141(b)(3) of the Code, to the
23 governmental use;

24 (c) to take any action to assure that no amount which
25 is greater than the lesser of \$5,000,000, or 5 percent (5%) of the proceeds of the
26 Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly
27 used to finance loans to persons, other than state or local governmental units, in
28 contravention of section 141(c) of the Code;

29 (d) to refrain from taking any action which would
30 otherwise result in the Bonds being treated as “private activity bonds” within the
31 meaning of section 141(b) of the Code;

1 (e) to refrain from taking any action that would result
2 in the Bonds being “federally guaranteed” within the meaning of section 149(b) of the
3 Code;

4 (f) to refrain from using any portion of the proceeds of
5 the Bonds, directly or indirectly, to acquire or to replace funds which were used,
6 directly or indirectly, to acquire investment property (as defined in section 148(b)(2)
7 of the Code) which produces a materially higher yield over the term of the Bonds,
8 other than investment property acquired with –

9 (i) proceeds of the Bonds invested for a
10 reasonable temporary period of three (3) years or less or, in the case of a refunding
11 bond, for a period of ninety (90) days or less until such proceeds are needed for the
12 purpose for which the bonds are issued,

13 (ii) amounts invested in a bona fide debt service
14 fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

15 (iii) amounts deposited in any reasonably required
16 reserve or replacement fund to the extent such amounts do not exceed 10 percent
17 (10%) of the proceeds of the Bonds;

18 (g) to otherwise restrict the use of the proceeds of the
19 Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that
20 the Bonds do not otherwise contravene the requirements of section 148 of the Code
21 (relating to arbitrage);

22 (h) to refrain from using the proceeds of the Bonds or
23 proceeds of any prior bonds to pay debt service on another issue more than ninety
24 (90) days after the date of issue of the Bonds in contravention of the requirements of
25 section 149(d) of the Code (relating to advance refundings, if applicable); and

26 (i) to pay to the United States of America at least
27 once during each five-year period (beginning on the date of delivery of the Bonds)
28 an amount that is at least equal to 90 percent (90%) of the “Excess Earnings,” within
29 the meaning of section 148(f) of the Code and to pay to the United States of
30 America, not later than sixty (60) days after the Bonds have been paid in full, 100
31 percent (100%) of the amount then required to be paid as a result of Excess

1 Earnings under section 148(f) of the Code.

2 (2) Rebate Fund. In order to facilitate compliance with the
3 above covenants, the “Rebate Fund” previously established by the Water Authority
4 for System Obligations for the sole benefit of the United States of America is hereby
5 continued, and such fund shall not be subject to the claim of any other person,
6 including without limitation the bondholders. The Rebate Fund is continued for the
7 additional purpose of compliance with section 148 of the Code.

8 (3) Proceeds. The Water Authority understands that the
9 term “proceeds” includes “disposition proceeds” as defined in the Treasury
10 Regulations and, in the case of refunding bonds, transferred proceeds (if any) and
11 proceeds of the refunded obligations expended prior to the date of issuance of the
12 Bonds. It is the understanding of the Water Authority that the covenants contained
13 herein are intended to assure compliance with the Code and any regulations or
14 rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the
15 event that regulations or rulings are hereafter promulgated which modify or expand
16 provisions of the Code, as applicable to the Bonds, the Water Authority will not be
17 required to comply with any covenant contained herein to the extent that such failure
18 to comply, in the opinion of nationally recognized bond counsel, will not adversely
19 affect the exemption from federal income taxation of interest on the Bonds under
20 section 103 of the Code. In the event that regulations or rulings are hereafter
21 promulgated which impose additional requirements which are applicable to the
22 Bonds, the Water Authority agrees to comply with the additional requirements to the
23 extent necessary, in the opinion of nationally recognized bond counsel, to preserve
24 the exemption from federal income taxation of interest on the Bonds under section
25 103 of the Code. In furtherance of such intention, the Water Authority hereby
26 authorizes and directs the Authorized Officer, Bond Counsel or any other necessary
27 party to execute any documents, certificates or reports required by the Code and to
28 make such elections, on behalf of the Water Authority, which may be permitted by
29 the Code as are consistent with the purpose for the issuance of the Bonds.

30 (4) Allocation Of, and Limitation On, Expenditures for the
31 Refunding Project. The Water Authority covenants to account for the expenditure of

1 sale proceeds and investment earnings to be used for the purposes described in this
2 Resolution on its books and records in accordance with the requirements of the
3 Internal Revenue Code. The Water Authority recognizes that in order for the
4 proceeds to be considered used for the reimbursement of costs, the proceeds must
5 be allocated to expenditures within eighteen (18) months of the later of the date that
6 (1) the expenditure is made, or (2) the project is completed; but in no event later
7 than three (3) years after the date on which the original expenditure is paid. The
8 foregoing notwithstanding, the Water Authority recognizes that in order for proceeds
9 to be expended under the Internal Revenue Code, the sale proceeds or investment
10 earnings must be expended no more than sixty (60) days after the earlier of (1) the
11 fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired.
12 The Water Authority agrees to obtain the advice of nationally-recognized bond
13 counsel if such expenditure fails to comply with the foregoing to assure that such
14 expenditure will not adversely affect the tax-exempt status of the Bonds. For
15 purposes hereof, the Water Authority shall not be obligated to comply with this
16 covenant if it obtains an opinion that such failure to comply will not adversely affect
17 the excludability for federal income tax purposes from gross income of the interest.

18 (5) Disposition of Project. The Water Authority covenants
19 that the property originally financed with the Refunded Obligations will not be sold or
20 otherwise disposed in a transaction resulting in the receipt by the Water Authority of
21 cash or other compensation, unless any action taken in connection with such
22 disposition will not adversely affect the tax-exempt status of the Bonds. For purpose
23 of the foregoing, the Water Authority may rely on an opinion of nationally-recognized
24 bond counsel that the action taken in connection with such sale or other disposition
25 will not adversely affect the tax-exempt status of the Bonds. For purposes of the
26 foregoing, the portion of the property comprising personal property and disposed in
27 the ordinary course shall not be treated as a transaction resulting in the receipt of
28 cash or other compensation. For purposes hereof, the Water Authority shall not be
29 obligated to comply with this covenant if it obtains an opinion that such failure to
30 comply will not adversely affect the excludability for federal income tax purposes
31 from gross income of the interest.

1 Section 30. EVENTS OF DEFAULT. Each of the following events is
2 declared an "event of default" under the Bond Legislation:

3 (A) NONPAYMENT OF PRINCIPAL. Failure to pay the principal of
4 the Bonds when due and payable, either at maturity or otherwise.

5 (B) NONPAYMENT OF INTEREST. Failure to pay any installment
6 of interest on the Bonds when due and payable.

7 (C) INCAPABLE OF PERFORMING. For any reason, the Water
8 Authority becomes incapable of fulfilling its obligations under the Bond Legislation.

9 (D) DEFAULTS OF ANY OTHER PROVISION. Default by the
10 Water Authority in the due and punctual performance of its covenants, conditions,
11 agreements and provisions contained in System Obligations or in the Water
12 Authority ordinance or resolution authorizing those System Obligations and the
13 continuance of such default (other than a default set forth in paragraphs A, B and C
14 of this Section) for sixty (60) days after written notice specifying such default and
15 requiring the same to be remedied has been given to the Water Authority by any
16 Credit Source or the Owners of 25% in principal amount of the System Obligations
17 then Outstanding.

18 Section 31. REMEDIES UPON DEFAULT. Upon the happening and
19 continuance of any of the events of default stated in Section 30:

20 (1) any applicable Credit Source may proceed with any
21 available remedies under any Credit Facility; and

22 (2) the Owners of not less than 66% in principal amount of
23 the System Obligations then Outstanding, including but not limited to a trustee or
24 trustees therefor, with the consent of the Credit Source with respect to Insured
25 Obligations, may proceed against the Water Authority or the Board or both to:

26 (a) protect and enforce the rights of the Owners by
27 mandamus or other suit, action or special proceedings in equity or at law, in any
28 court of competent jurisdiction, either for the appointment of a receiver or for the
29 specific performance of any covenant or agreement contained in the Bond
30 Legislation or for the enforcement of any proper legal or equitable remedy as those
31 Owners may deem necessary or desirable to protect and enforce their rights,

1 (b) to enjoin any act or thing which may be unlawful or
2 in violation of any right of any Owner,

3 (c) to require the Board to act as if it were the trustee
4 of an express trust, or

5 (d) any combination of those remedies.

6 All proceedings shall be instituted and maintained for the equal benefit of all
7 Owners of System Obligations then Outstanding, subject to the provisions of Section
8 21 of this Bond Resolution, with respect to the use of Gross Revenues. The Owners
9 by purchasing System Obligations consent to the appointment of a receiver to
10 protect the rights of the Owners. The receiver may enter and take possession of
11 and operate and maintain the System and shall prescribe rates, fees or charges and
12 collect, receive and apply all Gross Revenues as required by this Bond Resolution.
13 The failure of any Owner to exercise any right granted by this Section shall not
14 relieve the Water Authority of any obligation to perform any duty. Each right or
15 privilege of any Owner (or trustee or receiver therefor) is in addition and cumulative
16 to any other right or privilege and the exercise of any right or privilege by or on
17 behalf of any Owner shall not be deemed a waiver of any other right or privilege of
18 any Owner.

19 Notwithstanding any other provision in the Bond Legislation, no recourse shall
20 be had for the payment of any Bond or for any claim based on any other obligation,
21 covenant or agreement contained in the Bond Legislation against any past, present
22 or future officer, employee or agent of the Water Authority or member of the Board,
23 and all such liability of any such officers, employees, agents or member (as such) is
24 released as a condition of and consideration for the adoption of the Bond Legislation
25 and the issuance of the Bonds.

26 Upon the occurrence and continuance of an Event of Default, so long as the
27 Credit Source, if any, is not in default in its payment obligations under the Bond
28 Insurance Policy, the Credit Source shall be entitled to control and direct the
29 enforcement of all rights and remedies granted to the Owners with respect to
30 Insured Obligations and such Credit Source shall also be entitled to direct and
31 approve all waivers of Events of Default with respect to Insured Obligations.

1 Section 32. DUTIES UPON DEFAULT. Upon the happening of any of the
2 events of default listed in Section 30, the Water Authority will do and perform all
3 proper acts on behalf of and for the Owners necessary to protect and preserve the
4 security created for the payment of the System Obligations and for the payment of
5 the Debt Service Requirements on the System Obligations promptly as the same
6 become due. As long as any of the System Obligations are Outstanding, all Gross
7 Revenues shall be distributed and used for the purpose and with the priorities set
8 forth in Section 21. If the Water Authority fails or refuses to proceed as provided in
9 this Section, the Owners of not less than 66% in principal amount of the System
10 Obligations then Outstanding, after demand in writing, may proceed to protect and
11 enforce the rights of the Owners as provided in the Bond Legislation.

12 Section 33. DEFEASANCE. When all principal, interest and prior
13 redemption premiums, if any, in connection with all or any part of the Bonds have
14 been paid or provided for (including amounts owed to the Credit Source, if any,
15 under any Bond Insurance Policy), the pledge and lien and all obligations under the
16 Bond Legislation with respect to those Bonds and any Bond Insurance Policy shall
17 be discharged and those Bonds shall no longer be deemed to be Outstanding within
18 the meaning of the Bond Legislation.

19 Without limiting the preceding paragraph, there shall be deemed to be such
20 payment when: (i) the Board has caused to be placed in escrow and in trust with an
21 escrow agent located within or without the State and exercising trust powers, an
22 amount sufficient (including the known minimum yield from Defeasance Obligations
23 in which such amount may be initially invested) to pay all requirements of principal,
24 interest and prior redemption premium, if any, on the Bonds to be defeased as the
25 same become due to the final maturities or upon designated prior redemption dates,
26 and (ii) any Bonds to be redeemed prior to maturity shall have been duly called for
27 redemption or irrevocable instructions to call such Bonds for redemption have been
28 given to the Registrar. The escrow agent shall have received evidence satisfactory
29 to it that the cash and Defeasance Obligations delivered will be sufficient to provide
30 for the payment of the Bonds to be defeased as stated above. Neither the
31 Defeasance Obligations nor money deposited with the escrow agent shall be

1 withdrawn or used for any purpose other than as provided in the escrow agreement
2 and the Defeasance Obligations and money shall be segregated and held in trust for
3 the payment of the principal and premium, if any, and interest on the Bonds with
4 respect to which such deposit has been made. The Defeasance Obligations shall
5 become due prior to the respective times at which the proceeds are needed in
6 accordance with a schedule established and agreed upon between the Board and
7 the escrow agent at the time of the creation of the escrow, or the Defeasance
8 Obligations shall be subject to redemption but only at the option of the holders or
9 owners thereof to assure the availability of the proceeds as needed to meet the
10 schedule.

11 Until reimbursement is made by the Water Authority to the applicable Credit
12 Source, if the principal and/or interest due on Insured Obligations is paid by a Credit
13 Source pursuant to a Credit Facility, the applicable Insured Obligations shall remain
14 Outstanding, shall not be defeased or otherwise satisfied and shall not be
15 considered to be paid by the Water Authority. In such case, the assignment and
16 pledge of the Net Revenues for the payment of the Insured Obligations paid by the
17 Credit Source and all covenants, agreements and other obligations of the Water
18 Authority to the Owners of those Insured Obligations shall continue to exist and shall
19 run to the benefit of that Credit Source and that Credit Source shall be subrogated to
20 the rights of the owners of those Insured Obligations, until all obligations of the
21 Water Authority to that Credit Source have been paid.

22 Notwithstanding the foregoing, any provisions of the Bond Legislation
23 which relate to indemnification and the payment of fees and expenses, the payment
24 of the principal of and premium of Bonds at maturity or on a prior redemption date,
25 interest payments and dates thereof, exchange, registration of transfer and
26 registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the
27 safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of
28 money in trust, the obligations set forth in the Bond Legislation regarding rebate, and
29 the duties of the Registrar, Authenticating Agent and Paying Agent in connection
30 with all of the foregoing shall remain in effect and be binding upon the Owners, the
31 Registrar, Authenticating Agent and Paying Agent notwithstanding the release and

1 discharge of the Bond Legislation. The provisions of this Section shall survive the
2 release, discharge and satisfaction of the Bond Legislation.

3 Section 34. BONDS NOT PRESENTED WHEN DUE. If any Bonds are not
4 duly presented for payment when due at maturity or on any prior redemption date,
5 and if money sufficient for the payment of those Bonds is on deposit with the Paying
6 Agent, and, in the case of the Bonds to be redeemed, if notice of redemption has
7 been given as provided in the Bond Legislation, all liability of the Water Authority to
8 the Owners of those Bonds shall be discharged, those Bonds shall no longer be
9 Outstanding and it shall be the duty of the Paying Agent to segregate and to hold
10 such money in trust, without liability for interest thereon, for the benefit of the
11 Owners of those Bonds.

12 Section 35. DELEGATED POWERS. The officers of the Water Authority,
13 the Authorized Officers and any other employee of the Water Authority are
14 authorized and directed to take all action from time to time which is necessary or
15 appropriate to effectuate the provisions of the Bond Legislation, the Bonds and the
16 sale, issuance and delivery of the Bonds, including, without limitation, the execution
17 of any credit facility, any liquidity agreement, any remarketing agreement, escrow
18 agreement, any qualified exchange agreement, the delivery of a “deemed final”
19 certificate relating to the disclosure document for the Bonds, the publication of a
20 summary of this Bond Resolution substantially in the form set out in Section 44, the
21 distribution of material related to the Bonds, the printing of the Bonds and the
22 execution of related agreements, documents and certificates pertaining to the
23 System, the Bonds, the Refunding Project, and the delivery of and security for the
24 Bonds, as may be reasonably required to consummate the sale and delivery of the
25 Bonds. All such persons are further authorized and directed to take all action from
26 time to time which is desirable or necessary for the Water Authority with respect to
27 arbitrage rebate requirements under Section 148(f) of the Code. Pursuant to
28 Section 6-14–10.2 NMSA 1978 and the provisions of this Bond Resolution, the
29 Delegate is delegated the authority to approve the final terms of the Bonds and to
30 execute the Sale Certificate and Bond Purchase Agreement all within the
31 parameters set forth in this Bond Resolution.

1 The Executive Director of the Water Authority and any Authorized Officer, or
2 successor in interest, is hereby authorized and directed to make such changes or
3 corrections to the procedures established in the Bond Legislation relating to the
4 times of day or the days on which actions are required to be taken, or the persons
5 responsible for particular actions, the form of notice of the occurrence of events, the
6 types and forms of actions required and other similar administrative matters which,
7 in the judgment of the Executive Director or Authorized Officer, are necessary and
8 appropriate to accomplish the purposes of the Bond Legislation and to provide for
9 the efficient administration of the System and the Bonds.

10 Section 36. AMENDMENT OF BOND RESOLUTION.

11 (A) LIMITATIONS UPON AMENDMENTS. The Bond Legislation
12 may be amended by ordinance or resolution of the Board without the consent of
13 Owners but with the consent of any Credit Source providing a Credit Facility which is
14 in effect and which pertains to the Bonds and is affected by the amendment if the
15 Credit Source is not in default in its obligations under the Credit Facility:

16 (1) To cure any ambiguity, or to cure, correct or supplement
17 any defect or inconsistent provision contained in the Bond Legislation;

18 (2) To grant to the Owners any additional rights, remedies,
19 powers or authority that may lawfully be granted to them;

20 (3) To obtain or maintain a rating on the Bonds from any
21 Rating Agency if the amendment, in the judgment of Bond Counsel, does not
22 materially adversely affect the Owners of the Bonds;

23 (4) To achieve compliance with federal securities or tax laws;
24 and

25 (5) To make any other changes in the Bond Legislation
26 which, in the opinion of Bond Counsel, are not materially adverse to the Owners.

27 (B) ADDITIONAL AMENDMENTS. Except as provided above or in
28 the Sale Certificate, the Bond Resolution may only be amended or supplemented by
29 ordinance or resolution adopted by the Board in accordance with the laws of the
30 State, without receipt by the Water Authority of any additional consideration, but with
31 the written consent of the Owners of a majority of the principal amount of the Bonds

1 then Outstanding which are affected by the amendment or supplement (not including
2 the Bonds which are then owned by or for the account of the Water Authority) and of
3 any Credit Source providing a Credit Facility which is in effect affected by the
4 amendment or supplement, if the Credit Source is not in default in its obligations
5 under the Credit Facility; provided, however, that no such ordinances or resolutions
6 shall have the effect of permitting:

7 (1) An extension of the maturity of any Bond; or

8 (2) A reduction in the principal amount of, premium, if any, or
9 interest rate on any Bond; or

10 (3) The creation of a lien on or a pledge of Net Revenues
11 ranking prior to the lien or pledge of Senior Obligations on Net Revenues; or

12 (4) A reduction of the principal amount of the Bonds required
13 for consent to such amendment or supplement.

14 (C) PROOF OF INSTRUMENTS. The fact and date of the
15 execution of any instrument under the provisions of this Section may be proved by
16 the certificate of any officer in any jurisdiction who by the laws of that jurisdiction is
17 authorized to take acknowledgments of deeds within that jurisdiction that the person
18 signing the instrument acknowledged before him the execution of that instrument, or
19 may be proved by an affidavit of a witness to the execution sworn to before such
20 officer.

21 Section 37. LIMITATION OF RIGHTS. Nothing in the Bond Legislation
22 expressed or implied is intended or shall be construed to give to any Person other
23 than the Owners, the Water Authority and the parties to which such right, remedy or
24 claim is expressly granted by the Bond Legislation any legal or equitable right,
25 remedy or claim under or in respect to the Bond Legislation or any covenant,
26 condition or stipulation of the Bond Legislation, and all covenants, stipulations,
27 promises and agreements in the Bond Legislation shall be for the sole and exclusive
28 benefit of the Water Authority, the Paying Agent, the Registrar and the Owners.

29 Section 38. NOTICES. Except as otherwise specifically required in the
30 Bond Legislation, notice with respect to the Bonds shall be effective when received
31 and it shall be sufficient service of any notice, request, demand or other paper if the

1 same is given: (i) orally, or (ii) by mail, or (iii) by Electronic Means, or (iv) hand
2 delivered; provided that any notice given orally, including notice by telephone, must
3 be confirmed by notice in writing as set forth in clause (ii), (iii) (except by telephone)
4 or (iv) above initiated within one Business Day after oral Notice is given. Notice shall
5 be given as follows:

6 (A) If to the Water Authority:

7 Albuquerque Bernalillo County Water Utility Authority

8 1441 Mission Ave. NE

9 Albuquerque, NM 87107

10 Attention: Executive Director

11 (505) 289-3101

12 (505) 289-3060 (Fax)

13
14 (B) If to the Initial Paying Agent (unless modified by the Sale
15 Certificate):

16 Albuquerque Bernalillo County Water Utility Authority

17 1441 Mission Ave. NE

18 Albuquerque, NM 87107

19 Attention: Chief Financial Officer

20 (505) 289-3007

21
22 Any such party may, by notice as set forth above to other parties, designate
23 any further or different address to which subsequent notices, certificates or other
24 communication shall be sent. All notices sent pursuant to the Bond Legislation to
25 any Owner shall also be sent to the Credit Source, if any, of the Bonds.

26 When the Bond Legislation provides for notice to the Owners of Bonds of any
27 event, such notice shall be sufficiently given (unless otherwise expressly provided in
28 the Bond Legislation) if in writing and given in accordance with this Section to each
29 Owner of Bonds affected by such event, at his address as it appears on the register
30 for the Bonds. In any case where notice to an Owner of Bonds is given by Electronic
31 Means or by mail, neither the failure to send such notice nor any defect in any notice

1 sent to any particular Owner of Bonds shall affect the sufficiency of such notice with
2 respect to any other Owner, and any notice which is sent in the manner provided in
3 this paragraph shall conclusively be presumed to have been duly given.

4 Where the Bond Legislation provides for notice upon the occurrence of any
5 event, that notice may be waived by the person entitled to receive that notice, either
6 before or after the event, and such waiver shall be the equivalent of notice.

7 The Paying Agent shall provide the Rating Agencies then rating the Bonds
8 with prior written notice of any amendments to the Bond Legislation and the optional
9 redemption of Bonds pursuant to Section 9(A) or defeasance pursuant to Section 33.

10 Section 39. BOND RESOLUTION IRREPEALABLE AS TO THE BONDS.
11 After any of the Bonds are issued, this Bond Resolution shall be and remain
12 irrevocable until the Debt Service Requirements on all the Bonds are fully paid and
13 discharged and the Bonds are canceled, as provided in this Bond Resolution, or
14 there has been defeasance of all the Bonds as provided in this Bond Resolution.

15 Section 40. SEVERABILITY CLAUSE. If any section, paragraph, clause or
16 provision of this Bond Resolution shall for any reason be held to be invalid or
17 unenforceable, the invalidity or unenforceability of that section, paragraph, clause or
18 provision shall not affect any of the remaining provisions of this Bond Resolution.

19 Section 41. REPEALER CLAUSE. All bylaws, orders, resolutions and
20 ordinances, or parts thereof, inconsistent with this Bond Resolution are repealed to
21 the extent only of such inconsistency. This repealer shall not be construed to revive
22 any bylaw, order, resolution or ordinance, or part thereof, previously repealed.

23 Section 42. GENERAL SUMMARY FOR PUBLICATION. The title and a
24 general summary of the subject matter contained in the Bond Resolution shall be
25 published in substantially the following form:

26 **(Form of Summary of Resolution for Publication)**

27 **Albuquerque Bernalillo County Water Utility Authority**

28 **Notice of Adoption of Resolution**

29 NOTICE IS HEREBY GIVEN, pursuant to the provisions of Section 6-14-6
30 NMSA 1978, that on _____, 2026, the Board of Albuquerque Bernalillo County
31 Water Utility Authority (the "Water Authority") adopted a resolution (the "Bond

1 Resolution”) which authorizes the issuance of the Water Authority’s Senior Lien Joint
2 Water and Sewer System Refunding Revenue Bonds, Series 2026 to make certain
3 improvements to the Water Authority’s joint water and sewer system (the “System”).

4 The title of the Bond Resolution is:

5 **RESOLUTION**

6 **AUTHORIZING THE ISSUANCE AND SALE OF ALBUQUERQUE BERNALILLO**
7 **COUNTY WATER UTILITY AUTHORITY (THE “WATER AUTHORITY”) SENIOR**
8 **LIEN JOINT WATER AND SEWER SYSTEM REFUNDING REVENUE BONDS,**
9 **SERIES 2026 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED**
10 **\$33,120,000 (THE “BONDS”) TO BE ISSUED IN ONE OR MORE SERIES FOR**
11 **THE PURPOSE REFUNDING, REFINANCING AND DEFEASING CERTAIN**
12 **OUTSTANDING OBLIGATIONS OF THE WATER AUTHORITY; PROVIDING FOR**
13 **THE DISPOSITION OF, AND OTHER DETAILS RELATING TO, THE REVENUES**
14 **FROM THE OPERATION OF THE SYSTEM INCLUDING THE PAYMENT OF**
15 **DEBT SERVICE ON SYSTEM OBLIGATIONS; DETERMINING CERTAIN TERMS**
16 **AND THE METHOD OF DETERMINING OTHER TERMS CONCERNING THE**
17 **BONDS; PROVIDING FOR THE APPROVAL OF VARIOUS AGREEMENTS AND**
18 **DISCLOSURE DOCUMENTS RELATING TO THE BONDS; DELEGATING**
19 **AUTHORITY TO THE DELEGATE TO EXECUTE AND DELIVER A BOND**
20 **PURCHASE AGREEMENT FOR THE SALE OF THE BONDS TO THE**
21 **UNDERWRITERS PURSUANT TO THE SUPPLEMENTAL PUBLIC SECURITIES**
22 **ACT; AND RATIFYING ACTION PREVIOUSLY TAKEN.**

23
24 The title contains a general summary of the subject matter contained in the
25 Bond Resolution.

26 This notice constitutes compliance with § 6-14-6 NMSA 1978.

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PASSED AND ADOPTED THIS _____, 2026.
BY A VOTE OF ___ FOR AND ___ AGAINST.

Chair

ATTEST:

Secretary

Exhibit A

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY OUTSTANDING SYSTEM OBLIGATIONS

<u>Senior Obligations</u>	<u>Senior Obligations Authorizing Legislation</u>	<u>Original Principal Amount (\$)</u>	<u>Principal Amount Outstanding (\$)</u>
Senior Lien Joint Water and Sewer System Refunding Revenue Bonds, Series 2014A	O-14-2 and R-14-10	97,270,000	10,255,000
Senior Lien Joint Water and Sewer System Refunding and Improvement Revenue Bonds, Series 2017	O-16-2 & R-16-13	87,970,000	51,185,000
Senior Lien Joint Water and Sewer System Improvement Revenue Bonds, Series 2018	O-18-7 & R-18-20	75,085,000	39,135,000
Senior Lien Joint Water and Sewer System Improvement Revenue Bonds, Series 2020	O-19-3 & R-19-26	69,440,000	44,670,000
Senior Lien Joint Water and Sewer System Refunding Revenue Bonds, Taxable Series 2020A	O-20-2 & R-19-26	47,800,000	21,925,000
Senior Lien Joint Water and Sewer System Improvement Revenue Bonds, Series 2021	R-21-21	73,255,000	65,650,000
Senior Lien Joint Water and Sewer System Improvement Revenue Bonds, Series 2023	R-23-18	113,425,000	113,425,000
Drinking Water State Revolving Fund Loan and Subsidy Agreement DW-6343 (2024)	R-24-7	770,000	770,000
Senior Lien Joint Water and Sewer System Improvement Revenue and Refunding Bonds, Series 2025	R-25-24	164,420,000	164,420,000
	Total		511,435,000
<u>Subordinate Obligations</u>	<u>Subordinate Obligations Authorizing Legislation</u>	<u>Original Principal Amount (\$)</u>	<u>Principal Amount Outstanding (\$)</u>
2008 NMFA Drinking Water Loan	O-08-4 & R-08-13 as amended by F/S O-14-2	12,000,000	2,894,616
Water Project Fund Loan/Grant Agreement No. WPF-5103 (2021)	R-20-26	800,000	682,887
Water Project Fund Loan/Grant Agreement No. WPF-5401 (2021)	R-21-31	800,000	725,325
Water Project Fund Loan/Grant Agreement No. WPF-5659 (2023)	R-22-31	200,000	182,461
Water Project Fund Loan/Grant Agreement No. WPF-5660 (2023)	R-22-32	710,000	677,665
	Total		5,162,954
<u>Super Subordinate Obligations</u>	<u>Super Subordinate Obligations Authorizing Legislation</u>	<u>Original Principal Amount (\$)</u>	<u>Principal Amount Outstanding (\$)</u>
Water Project Fund Loan/Grant Agreement No. WPF-5935 (2024)	R-23-48	370,000	370,000
NMED Loan CWSRF EQ 147 (2024)	R-23-19	4,000,000	4,000,000
Water Project Fund Loan/Grant Agreement No. WPF-6261 (2024)	R-24-36	200,000	200,000
Water Project Fund Loan/Grant Agreement No. WPF-6262 (2024)	R-24-37	20,000	20,000
Water Project Fund Loan/Grant Agreement No. WPF-6263 (2025)	R-25-7	90,250	90,250
NMED Loan CWSRF EQ 151 (2025)	R-25-13	9,000,000	9,000,000
Water Project Fund Loan/Grant Agreement No. WPF-6545 (2026)	R-25-42	1,400,000	1,400,000
	Total		15,080,250

Schedule I

Schedule of Available Refunded Obligations*

Senior Lien Joint Water and Sewer System Improvement Revenue Bonds, Series 2018

MATURITY YEAR(7/1)	AMOUNT OUTSTANDING(\$)	INTEREST RATE(%)
***	***	***
2027	7,435,000	5.000
2028	7,810,000	5.000
2029	8,200,000	5.000
2030	8,610,000	5.000

*The final Refunded Obligations to be refunded and the redemption date will be selected by the Delegate and set forth in the Sale Certificate.

Albuquerque Bernalillo County Water Utility Authority

Outstanding Debt and Refunding Overview

May 20, 2026



Capital
Markets

Outstanding Debt Summary

Issue	Bond Type	Lien	Original Amount	Amount Outstanding	Callable Amount Outstanding	Call Date	Coupons	Final Maturity
Series 2014A	Fixed Rate	Senior	\$ 97,270,000	\$ 10,255,000	\$ 10,255,000	7/1/2024 @ 100%	4.025%	2026
Series 2017	Fixed Rate	Senior	87,970,000	51,185,000	39,530,000	7/1/2027 @100%	3.375% to 5.000%	2034
Series 2018	Fixed Rate	Senior	75,085,000	39,135,000	32,055,000	7/1/2026 @100%	5.000%	2030
Series 2020	Fixed Rate	Senior	69,440,000	44,670,000	25,520,000	7/1/2028 @ 100%	5.000%	2032
Series 2020A	Fixed Rate	Senior	47,800,000	21,925,000	15,225,000	7/1/2029 @ 100%	1.250% - 2.700%	2038
Series 2021	Fixed Rate	Senior	73,255,000	65,650,000	43,855,000	7/1/2029 @ 100%	3.000% - 5.000%	2046
Series 2023	Fixed Rate	Senior	113,425,000	113,425,000	62,065,000	7/1/2033 @ 100%	5.000% - 5.250%	2048
2024 DW-6343	Fixed Rate	Senior	770,000	770,000	155,542	5/24/2034 @ 100%	0.250%	2036
2025 New Money	Fixed Rate	Senior	82,080,000	82,080,000	28,125,000	7/01/2035 @ 100%	5.000%	2050
2025 Refunding	Fixed Rate	Senior	82,340,000	82,340,000	-	Non-Callable	5.000%	2033
TOTAL SENIOR LIEN DEBT			\$ 729,435,000	\$ 511,435,000	\$ 256,785,542			
Series 2008	Fixed Rate	Subordinate	\$ 12,000,000	\$ 2,894,616	\$ 2,894,616	7/1/2024 @ 100%	2.000%	2030
WPF Loans	Fixed Rate	Subordinate	3,341,654	2,965,692	2,965,692	Callable Anytime	0.250%	2042 - 2044
TOTAL SUBORDINATE LIEN DEBT			\$ 15,341,654	\$ 5,860,308	\$ 5,860,308			
NMED Loan CWSRF EQ 147	Fixed Rate	Super Sub.	\$ 4,000,000	\$ 4,000,000	-	N/A	0.010%	2044
NMED Loan CWSRF EQ 151	Fixed Rate	Super Sub.	9,000,000	9,000,000	-	N/A	0.010%	2045
WPF Loans	Fixed Rate	Super Sub.	590,000	680,250	-	N/A	0.250%	2045 - 2047
TOTAL SUPER SUBORDINATE LIEN DEBT			\$ 13,590,000	\$ 13,680,250	\$ -			
TOTAL DEBT			\$ 758,366,654	\$ 530,975,558	\$ 262,645,850			

Refunding Overview

- The Water Utility Authority's Series 2018 Bonds are callable July 1, 2026, and can be refinanced for interest rate savings
- The refunding savings based upon current market conditions* are as follows:

Maturity Date	Annual Savings			Present Value Savings
	Prior Debt Service	Refunding Debt Service	Savings	
07/01/2027	\$9,037,750	\$8,694,540	\$343,210	\$343,188
07/01/2028	9,041,000	8,608,419	432,581	416,131
07/01/2029	9,040,500	8,606,816	433,684	405,140
07/01/2030	9,040,500	8,606,260	434,240	393,850
	\$36,159,750	\$34,516,035	\$1,643,715	\$1,558,308
PV of Savings			\$1,558,308	
Plus: Refunding Funds on Hand			546	
Net PV Savings			1,558,854	
Net PV Savings			4.861%	

- Due to the size of the borrowing the ABCWUA refunding will have to done as a simultaneous financing with the NMFA (similar to prior ABCWUA borrowings through the NMFA)
- The next NMFA simultaneous financing is expected to price mid-August.
- To meet the timing of the NMFA's simultaneous financing all Water Authority Board approvals must occur prior to the end of July.

*Assumes Cost of Issuance of \$120,000 and NMFA Rates as of May 7, 2026.

Series 2026 Refunding Time Schedule

Date	Activity	Responsibility
Friday, March 06, 2026	Submit Draft NMFA Application to NMFA For Placement on June Agenda	WUA, MA
Wednesday, May 20, 2026	ABCWUA Board Meeting - Approval of Bond Resolution and NMFA Application	WUA, MA, BC
Thursday, May 21, 2026	Submit Signed Final Application and Signed Resolution to NMFA	WUA, FA, BC, DC
Monday, May 25, 2026	Notice of Adoption of Bond Resolution Published	BC
Wednesday, June 24, 2026	30 Day Statute of Limitation Ends	
Thursday, June 25, 2026	NMFA Board Meeting to Approve ABCWUA Application	WUA, MA, BC
Thursday, July 23, 2026	NMFA Board Meeting to Approve PPRF Simultaneous Financing	MA
Thursday, August 13, 2026	* NMFA Bonds - Post POS	
Thursday, August 27, 2026	* Simultaneous Pricing	WUA, MA, BC
Thursday, August 27, 2026	* Pricing Certificate Signed by Water Authority	WUA, BC
Thursday, September 10, 2026	* Closing	ALL
Wednesday, September 16, 2026	ABCWUA Board Meeting - Update Board on Pricing Results	WUA, MA

Working Group Key

Code	Participant	Role
WUA	Albuquerque Bernalillo County Water Utility Authority	Issuer
MA	RBC Capital Markets, LLC	Municipal Advisor
BC	McCall, Parkhurst & Horton L.L.P.	Bond Counsel
NMFA	New Mexico Finance Authority	Purchaser

Note 1: Authority Board meeting 3rd Wednesday of each month. No Authority Board meetings in June or July in 2026

Note 2: Publications in The Albuquerque Journal

* Preliminary. Subject to change.

Macroeconomic Commentary

Economic Commentary

- Market conditions remain volatile as uncertainty stemming from the war in Iran continues to drive sentiment
- US equities rallied last week, propelled by strong corporate earnings and positive sentiment around AI investment
 - The DJIA rose 0.6%, while the S&P500 and Nasdaq closed out the week at new historic highs, gaining 0.9% and 1.1%, respectively
- A divided FOMC left rates unchanged on Wednesday, with four officials dissenting – the highest since 1992
 - Gov. Miran dissented again in favor of a 25bp cut, while Logan/Hammack/Kashkari dissented as they “did not support inclusion of an easing bias in the statement”
- Treasuries sold off after the FOMC meeting, hitting their April peak, before rallying back on Thursday
- The Senate Finance Committee voted in favor of Kevin Warsh to succeed Chair Powell, and a full Senate vote is expected during the week of May 11th
 - Chair Powell said he intends to remain at the Fed as a governor for a period of time to ensure Fed independence
- First-quarter GDP grew at an annual rate of 2.0%, below the Bloomberg consensus of 2.3% but up from 0.5% during Q4 '25
- Economic highlights this week include ISM Services, JOLTS, ADP, jobless claims, April payrolls, and U. MI consumer sentiment
 - The Bloomberg consensus calls for non-farm payroll gains of 65k in April, along with an unchanged unemployment rate of 4.7%

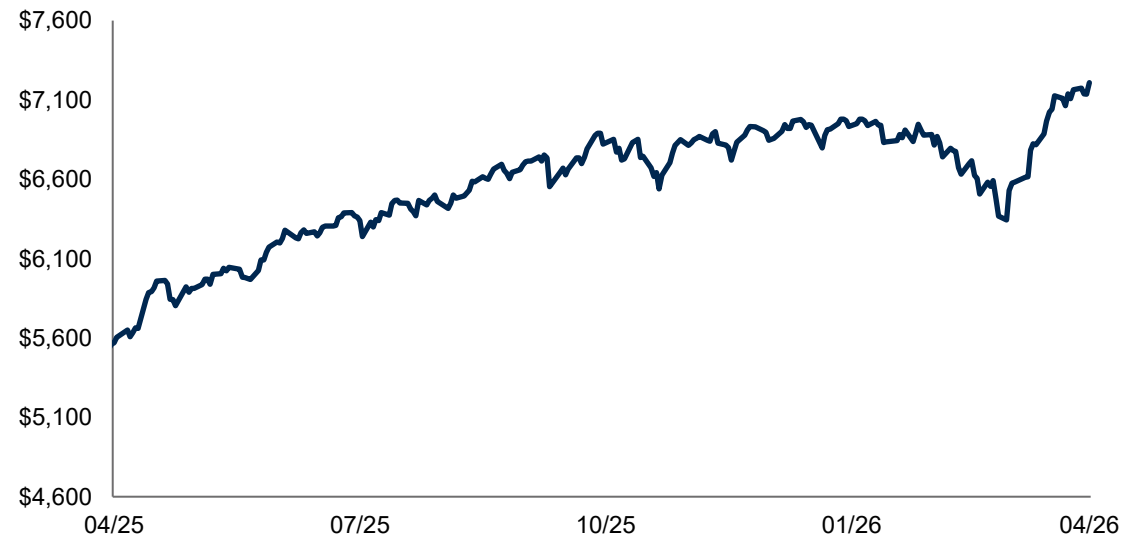
Bloomberg

Stock Rally Wavers as Oil Climbs on Hormuz Risks

(Bloomberg: May 4, 2026)

- A rally in stocks wavered as oil climbed due to concerns about heightened tensions in the Middle East, which could keep energy costs elevated and fuel inflation.
- The S&P 500 fluctuated following its longest weekly advance since 2024, Brent crude jumped more than 5% before paring its gain to trade above \$110, and Treasury yields advanced.
- The situation in the Strait of Hormuz, which has been virtually blocked since late February, has become a focal point in the current conflict.

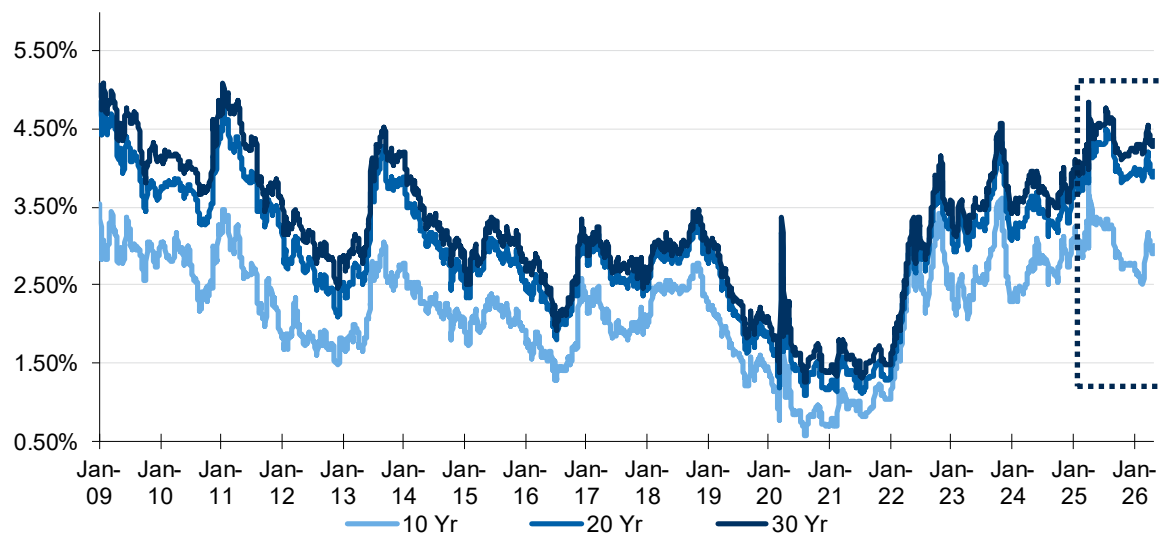
Stock Market Performance (S&P 500)



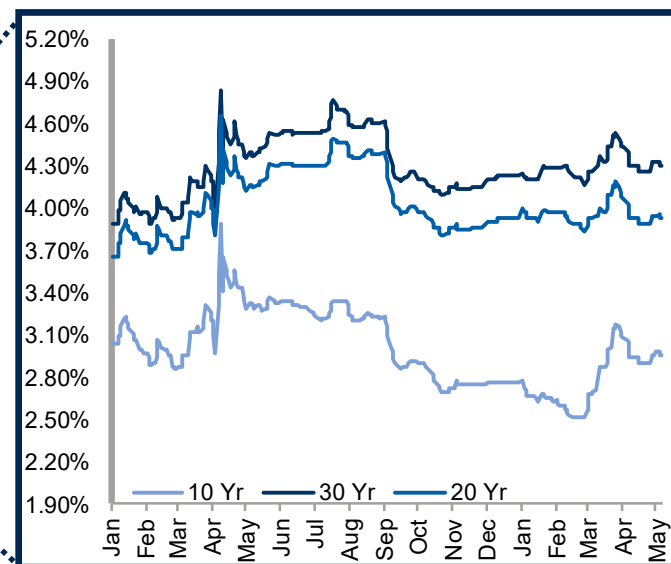
Current Municipal Market Conditions: "AAA" MMD

After closing at 4.33% the previous week, 30-year "AAA" MMD has decreased by two basis points to 4.31%.

"AAA" MMD January 1, 2009 to Present



Shift in "AAA" MMD Since January 2025



January 1, 2009 to Present

	10 Year	20 Year	30 Year
Maximum	3.89%	4.89%	5.08%
Minimum	0.58%	1.08%	1.27%
Current	2.96%	3.93%	4.31%

Shift in 30-year "AAA" MMD

	2019	2020	2021	2022	2023	2024	2025
	-0.90%	-0.68%	0.09%	2.08%	-0.15%	0.47%	0.35%

May 1, 2022 to Present

	10 Year	20 Year	30 Year
Maximum	3.89%	4.66%	4.84%
Minimum	2.08%	2.38%	2.51%
Average	2.80%	3.57%	3.81%

Source: Refinitiv
10, 20, and 30 year "AAA" MMD shown to represent different average lives of municipal transactions
Rates as of May 07, 2026.

Disclaimer

Sources include: https://www.rbccm.com/assets/rbccm/docs/uploads/2017/RBCCM_Muni_Markets_Weekly_Newsletter.pdf, <http://www.rbc.com/economics/>, RBC Capital Markets.

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